

Financial Data

■ Trend in Principal Management Indicators and Other Financial Data

Fiscal year	108 th (Millions of yen)	109 th (Millions of yen)	110 th (Millions of yen)	111 th (Millions of yen)	112 th (Millions of yen)	113 th (Millions of yen)	113 th (Thousands of U.S. dollars)
End of fiscal year	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	March 2017
Net sales	¥ 101,015	¥ 96,384	¥ 96,334	¥ 103,875	¥ 113,088	¥ 116,309	\$ 1,036,717
Operating income	¥ 6,429	¥ 6,241	¥ 8,424	¥ 8,223	¥ 9,189	¥ 10,974	\$ 97,815
Ordinary income	¥ 7,336	¥ 7,168	¥ 9,449	¥ 9,116	¥ 9,646	¥ 11,606	\$ 103,446
Profit attributable to owners of parent	¥ 4,212	¥ 6,145	¥ 8,835	¥ 8,030	¥ 7,817	¥ 8,551	\$ 76,217
Comprehensive income	¥ 4,935	¥ 6,712	¥ 9,935	¥ 9,398	¥ 7,149	¥ 9,937	\$ 88,569
Net assets	¥ 28,308	¥ 34,653	¥ 43,889	¥ 52,516	¥ 58,809	¥ 67,727	\$ 603,682
Total assets	¥ 107,028	¥ 106,754	¥ 108,520	¥ 123,127	¥ 132,614	¥ 140,201	\$ 1,249,675
Net assets per share (JPY or USD)	¥ 339.20	¥ 415.92	¥ 527.50	¥ 631.53	¥ 708.18	¥ 815.77	\$ 7.27
Net income per share (JPY or USD)	¥ 50.94	¥ 74.32	¥ 106.86	¥ 97.12	¥ 94.55	¥ 103.43	\$ 0.92
Diluted net income per share (JPY or USD)	—	—	—	—	—	—	—
Capital adequacy ratio (%)	26.2	32.2	40.2	42.4	44.1	48.1	48.1
Return on equity (%)	16.3	19.7	22.7	16.8	14.1	13.6	13.6
Price-to-earnings ratio	8.1	7.4	6.9	9.7	10.7	10.5	10.5
Cash flows from operating activities	¥ 4,565	¥ 17,465	¥ 8,270	¥ 21,727	¥ 6,728	¥ 9,590	\$ 85,483
Cash flows from investing activities	¥ 270	¥ (59)	¥ (1,430)	¥ (160)	¥ (445)	¥ 143	\$ 1,273
Cash flows from financing activities	¥ (2,494)	¥ (8,887)	¥ (5,867)	¥ (3,707)	¥ (2,900)	¥ (1,787)	\$ (15,930)
End-of-year balance of cash and cash equivalents	¥ 17,384	¥ 26,005	¥ 27,030	¥ 45,008	¥ 48,335	¥ 57,132	\$ 509,247
Number of employees	3,187	3,288	3,315	3,266	3,366	3,447	3,447

Note:

1. U.S. dollar amounts are shown solely for the convenience of readers and are translated at the rate of ¥112.19 to U.S.\$1.00, the exchange rate prevailing at March 31, 2017.
2. Ordinary income is a measure of accounting profit that equals operating income plus other income minus other expenses, except for extraordinary items under Japanese GAAP.

■ Business performance during the fiscal year under review

The Japanese economy continued to recover gradually during the consolidated fiscal year under review as employment and incomes improved along with corporate revenue and personal consumption. At the same time, uncertainty expanded overseas due to factors such as slowing economic growth in China and other emerging nations, the UK's exit from the EU, and the political situation in the U.S., contributing to an opaque economic outlook.

Against this economic backdrop, the Takuma Group expects to see continued demand for its principal businesses thanks to increased environmental awareness; progress in initiatives to prevent global warming and conserve resources and energy; planned replacement of, and updates to, outdated waste treatment facilities; and energy policies that are favorable for biomass power facilities, for example in the form of feed-in-tariff programs for power.

During the consolidated fiscal year under review, we received orders for projects including construction of biomass power facilities and sewage sludge-fueled power generation facilities in addition to construction of waste treatment facilities, primary improvement work, and facility operation, maintenance, and management. As a result, order volume surged to 191,026 million yen, an increase of 91,106 million yen (91.2%) from the previous consolidated fiscal year.

Thanks to steady progress in construction of projects such as waste treatment facilities and biomass power facilities, sales rose 3,220 million yen (2.8%) from the previous consolidated fiscal year to 116,309 million yen. As a result, the backlog totaled 214,142 million yen.

Because we pursued cost-cutting measures even as sales grew, gross profit increased despite increases in selling, general and administrative expenses such as R&D. As a result, operating income was 10,973 million yen, ordinary income was 11,605 million yen, and profit attributable to owners of parent was 8,550 million yen, up 1,784 million yen (19.4%), 1,959 million yen (20.3%), and 733 million yen (9.4%), respectively.

Performance by segment was as follows:

Segment	Orders received	Sales amount	(Millions of yen)	
			Operating income	Backlog
Domestic Environment and Energy	163,505	90,643	11,726	203,571
Overseas Environment and Energy	3,070	2,222	(154)	2,310
Package Boiler	16,724	17,165	916	2,974
Equipment and System Business	8,041	6,666	322	5,326
Sub-total	191,342	116,696	12,811	214,183
Adjustment	(315)	(387)	(1,837)	(41)
Total	191,026	116,309	10,973	214,142

Financial Data

■ Consolidated Balance Sheets

TAKUMA CO., LTD. and Consolidated Subsidiaries
As of March 31, 2017, and 2016

ASSETS	Millions of yen		Thousands of U.S. dollars	LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017		2017	2016	2017
Current assets:				Current liabilities:			
Cash and time deposits	¥ 57,719	¥ 48,916	\$ 514,475	Short-term loans payable	¥ 7,675	¥ 7,750	\$ 68,411
Notes and accounts receivable:				Current portion of long-term debt	468	673	4,169
Trade	44,716	44,935	398,574	Notes and accounts payable:			
Unconsolidated subsidiaries and affiliated companies	391	1,457	3,486	Trade	32,569	34,584	290,300
Other	242	289	2,160	Unconsolidated subsidiaries and affiliated companies	344	575	3,071
Less allowance for doubtful accounts	(27)	(39)	(247)	Other	931	1,111	8,299
Total	45,322	46,642	403,973	Total	33,844	36,270	301,670
Inventories	3,897	4,041	34,744	Accrued income taxes	2,532	1,256	22,567
Deferred tax assets	2,471	2,803	22,021	Advances received	7,935	7,700	70,733
Other	766	607	6,827	Allowance for guarantees on completed work	177	141	1,577
Total current assets	110,175	103,009	982,040	Allowance for losses on sales contracts	3,578	5,164	31,889
Property, plant and equipment:				Other	5,734	4,190	51,114
Land	3,018	3,018	26,898	Total current liabilities	61,943	63,144	552,130
Buildings and structures	12,225	12,219	108,973	Long term liabilities:			
Machinery, equipment, lease assets and construction in progress	11,119	11,123	99,109	Long-term debt	929	1,396	8,278
	26,362	26,360	234,980	Allowance for directors' and executive officers' retirement benefits	152	189	1,356
Less accumulated depreciation	(17,434)	(16,764)	(155,401)	Net defined benefit liability	9,011	8,668	80,317
Total property, plant and equipment	8,928	9,596	79,579	Other	439	408	3,912
Investments and other assets:				Total long term liabilities	10,531	10,661	93,863
Investment securities	13,161	11,136	117,311	Total liabilities	72,474	73,805	645,993
Investments in:				Contingent liabilities			
Unconsolidated subsidiaries and affiliated companies	4,950	5,556	44,123	Net assets:			
Other	938	823	8,363	Common stock	13,367	13,367	119,150
Less allowance for doubtful accounts	(461)	(467)	(4,108)	Authorized: 321,840,000 shares			
Total	5,427	5,912	48,378	Issued: 83,000,000 shares			
Deferred tax assets	2,210	2,648	19,699	Capital surplus	3,768	3,768	33,588
Other	300	313	2,668	Retained earnings	46,258	38,754	412,323
Total investments and other assets	21,098	20,009	188,056	Treasury stock, at cost	(234)	(232)	(2,095)
Total assets	¥ 140,201	¥ 132,614	\$ 1,249,675	331,201 shares in 2017 and 328,764 shares in 2016			
				Total shareholders' equity	63,159	55,657	562,966
				Unrealized gains on securities	4,886	3,586	43,548
				Deferred gains and losses on hedges	(21)	(27)	(185)
				Foreign currency translation adjustments	6	(11)	50
				Remeasurements of defined benefit plans	(591)	(660)	(5,264)
				Total accumulated other comprehensive income ..	4,280	2,888	38,149
				Non-controlling interests in consolidated subsidiaries	288	264	2,567
				Total net assets	67,727	58,809	603,682
				Total liabilities and net assets	¥ 140,201	¥ 132,614	\$ 1,249,675

■ Consolidated Statements of Operations

TAKUMA CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2017, and 2016

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Net sales	¥ 116,309	¥ 113,088	\$1,036,717
Cost of sales	90,693	89,744	808,393
Gross profit	25,616	23,344	228,324
Selling, general and administrative expenses	14,642	14,155	130,509
Operating income	10,974	9,189	97,815
Other income (expenses):			
Interest and dividend income	337	366	3,000
Interest expense	(76)	(105)	(673)
Loss on disposal of property, plant and equipment	(51)	(167)	(456)
Equity in earnings of affiliated companies	280	287	2,491
Impairment loss	-	(267)	-
Other, net	142	76	1,269
Other income (expenses), net	632	190	5,631
Income before income taxes	11,606	9,379	103,446
Income taxes:			
Current	2,859	1,558	25,482
Deferred	172	11	1,532
Total income taxes	3,031	1,569	27,014
Profit	8,575	7,810	76,432
Profit (loss) attributable to non-controlling interests in consolidated subsidiaries	24	(7)	215
Profit attributable to owners of parent	¥ 8,551	¥ 7,817	\$ 76,217
Per share:		Yen	U.S. dollars
Net income	¥ 103.43	¥ 94.55	\$ 0.92
Diluted net income	-	-	-
Cash dividends applicable to the year	13.00	11.00	0.12

■ Consolidated Statements of Comprehensive Income

TAKUMA CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2017, and 2016

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Profit	¥ 8,575	¥ 7,810	\$ 76,432
Other comprehensive income:			
Unrealized gains (losses) on securities	1,299	(511)	11,582
Deferred gains and losses on hedges	(29)	(41)	(262)
Foreign currency translation adjustments	23	(55)	200
Remeasurements of defined benefit plans	69	(54)	617
Total other comprehensive income	1,362	(661)	12,137
Comprehensive income	¥ 9,937	¥ 7,149	\$ 88,569
Comprehensive income attributed to:			
Owners of the parent	¥ 9,942	¥ 7,165	\$ 88,619
Non-controlling interests	(5)	(16)	(50)

■ Consolidated Statements of Changes in Net Assets

TAKUMA CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2017, and 2016

	Millions of yen						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity		
For the year ended March 31, 2017							
Balance at the beginning of current period ...	¥ 13,367	¥ 3,768	¥ 38,754	¥ (232)	¥ 55,657		
Cash dividends (¥12.00 per share)	-	-	(992)	-	(992)		
Profit attributable to owners of parent	-	-	8,551	-	8,551		
Change in scope of consolidation	-	-	(55)	-	(55)		
Purchase of treasury stock	-	-	-	(2)	(2)		
Other changes during the year, net	-	-	-	-	-		
Balance at the end of current period	¥ 13,367	¥ 3,768	¥ 46,258	¥ (234)	¥ 63,159		
	Millions of yen						
	Unrealized gains on securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets
For the year ended March 31, 2017							
Balance at the beginning of current period ...	¥ 3,586	¥ (27)	¥ (11)	¥ (660)	¥ 2,888	¥ 264	¥ 58,809
Cash dividends (¥12.00 per share)	-	-	-	-	-	-	(992)
Profit attributable to owners of parent	-	-	-	-	-	-	8,551
Change in scope of consolidation	-	-	-	-	-	-	(55)
Purchase of treasury stock	-	-	-	-	-	-	(2)
Other changes during the year, net	1,300	6	17	69	1,392	24	1,416
Balance at the end of current period	¥ 4,886	¥ (21)	¥ 6	¥ (591)	¥ 4,280	¥ 288	¥ 67,727
	Millions of yen						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity		
For the year ended March 31, 2016							
Balance at the beginning of current period ...	¥ 13,367	¥ 3,768	¥ 31,764	¥ (228)	¥ 48,671		
Cash dividends (¥10.00 per share)	-	-	(827)	-	(827)		
Profit attributable to owners of parent	-	-	7,817	-	7,817		
Purchase of treasury stock	-	-	-	(4)	(4)		
Other changes during the year, net	-	-	-	-	-		
Balance at the end of current period	¥ 13,367	¥ 3,768	¥ 38,754	¥ (232)	¥ 55,657		
	Millions of yen						
	Unrealized gains on securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets
For the year ended March 31, 2016							
Balance at the beginning of current period ...	¥ 4,097	¥ 24	¥ 25	¥ (605)	¥ 3,541	¥ 304	¥ 52,516
Cash dividends (¥10.00 per share)	-	-	-	-	-	-	(827)
Profit attributable to owners of parent	-	-	-	-	-	-	7,817
Purchase of treasury stock	-	-	-	-	-	-	(4)
Other changes during the year, net	(511)	(51)	(36)	(55)	(653)	(40)	(693)
Balance at the end of current period	¥ 3,586	¥ (27)	¥ (11)	¥ (660)	¥ 2,888	¥ 264	¥ 58,809

	Thousands of U.S. dollars						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity		
For the year ended March 31, 2017							
Balance at the beginning of current period ...	\$ 119,150	\$ 33,588	\$ 345,436	\$ (2,075)	\$ 496,099		
Cash dividends (\$0.11 per share)	-	-	(8,843)	-	(8,843)		
Profit attributable to owners of parent	-	-	76,217	-	76,217		
Change in scope of consolidation	-	-	(487)	-	(487)		
Purchase of treasury stock	-	-	-	(20)	(20)		
Other changes during the year, net	-	-	-	-	-		
Balance at the end of current period	\$ 119,150	\$ 33,588	\$ 412,323	\$ (2,095)	\$ 562,966		
	Thousands of U.S. dollars						
	Unrealized gains on securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets
For the year ended March 31, 2017							
Balance at the beginning of current period ...	\$ 31,964	\$ (237)	\$ (100)	\$ (5,881)	\$ 25,746	\$ 2,350	\$ 524,195
Cash dividends (\$0.11 per share)	-	-	-	-	-	-	(8,843)
Profit attributable to owners of parent	-	-	-	-	-	-	76,217
Change in scope of consolidation	-	-	-	-	-	-	(487)
Purchase of treasury stock	-	-	-	-	-	-	(20)
Other changes during the year, net	11,584	52	150	617	12,403	217	12,620
Balance at the end of current period	\$ 43,548	\$ (185)	\$ 50	\$ (5,264)	\$ 38,149	\$ 2,567	\$ 603,682

■ Consolidated Statements of Cash Flows

TAKUMA CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2017, and 2016

	Millions of yen		Thousands of
	2017	2016	U.S. dollars
Cash flows from operating activities:			
Income before income taxes	¥ 11,606	¥ 9,379	\$ 103,446
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	851	840	7,585
Impairment loss	-	267	-
Increase (decrease) in allowance for doubtful accounts	(18)	(21)	(157)
Increase (decrease) in allowance for bonuses	182	107	1,623
Increase (decrease) in allowance for losses on sales contracts	(1,586)	(1,731)	(14,140)
Increase (decrease) in net defined benefit liability	445	325	3,971
Interest and dividend income	(337)	(367)	(3,000)
Interest expense	76	105	673
Equity in losses (earnings) of affiliated companies	(280)	(287)	(2,491)
Net decrease (increase) in notes and accounts receivable and advances received	463	(7,951)	4,123
Decrease (increase) in inventories	148	(237)	1,325
Decrease (increase) in other current assets	(25)	42	(224)
Net increase (decrease) in notes and accounts payable and advance money	(2,143)	6,867	(19,105)
Increase (decrease) in other current liabilities	1,489	(587)	13,274
Other	149	152	1,324
Subtotal	11,020	6,903	98,227
Interest and dividend received	405	623	3,609
Interest paid	(76)	(108)	(679)
Income taxes received (paid)	(1,759)	(690)	(15,674)
Net cash provided by operating activities	9,590	6,728	85,483
Cash flows from investing activities:			
Net decrease (increase) in time deposits	3	42	30
Purchase of property, plant and equipment	(575)	(656)	(5,126)
Purchase of intangible fixed assets	(65)	(82)	(578)
Purchase of investment securities	(473)	(91)	(4,216)
Sale of investment securities	13	152	116
Disbursement for loans receivable	(171)	(25)	(1,524)
Collection of loans receivable	1,328	243	11,836
Other	83	(28)	735
Net cash provided by (used in) investing activities	143	(445)	1,273

	Millions of yen		Thousands of
	2017	2016	U.S. dollars
Cash flows from financing activities:			
Net increase (decrease) in short-term bank loans	(75)	(100)	(668)
Payment of long-term debt	(673)	(1,896)	(5,996)
Purchase of treasury stock	(2)	(4)	(20)
Payment of cash dividends	(992)	(827)	(8,843)
Dividends paid to non-controlling interests	(17)	(25)	(151)
Other	(28)	(48)	(252)
Net cash used in financing activities	(1,787)	(2,900)	(15,930)
Effect of exchange rate changes on cash and cash equivalents	15	(56)	131
Net increase in cash and cash equivalents	7,961	3,327	70,957
Cash and cash equivalents at beginning of year	48,335	45,008	430,835
Increase in cash and cash equivalents from newly consolidated subsidiary	836	-	7,455
Cash and cash equivalents at end of year	¥ 57,132	¥ 48,335	\$ 509,247