

Financial Data

+ Trend in Principal Management Indicators and Other Financial Data

Fiscal year	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)	114 th (Millions of yen)	114 th (Thousands of U.S. dollars)
End of fiscal year	March 2013	March 2014	March 2015	March 2016	March 2017	March 2018	March 2018
Net sales	¥ 96,384	¥ 96,334	¥ 103,875	¥ 113,088	¥ 116,309	¥ 118,199	\$ 1,112,562
Operating income	¥ 6,241	¥ 8,424	¥ 8,223	¥ 9,189	¥ 10,974	¥ 10,030	\$ 94,408
Ordinary profit	¥ 7,168	¥ 9,449	¥ 9,116	¥ 9,646	¥ 11,606	¥ 10,670	\$ 100,433
Profit attributable to owners of parent	¥ 6,145	¥ 8,835	¥ 8,030	¥ 7,817	¥ 8,551	¥ 7,847	\$ 73,865
Comprehensive income	¥ 6,712	¥ 9,935	¥ 9,398	¥ 7,149	¥ 9,937	¥ 10,177	\$ 95,797
Net assets	¥ 34,653	¥ 43,889	¥ 52,516	¥ 58,809	¥ 67,727	¥ 76,726	\$ 722,193
Total assets	¥ 106,754	¥ 108,520	¥ 123,127	¥ 132,614	¥ 140,201	¥ 151,862	\$ 1,429,420
Net assets per share (JPY or USD)	¥ 415.92	¥ 527.50	¥ 631.53	¥ 708.18	¥ 815.77	¥ 924.25	\$ 8.70
Net income per share (JPY or USD)	¥ 74.32	¥ 106.86	¥ 97.12	¥ 94.55	¥ 103.43	¥ 94.93	\$ 0.89
Diluted net income per share (JPY or USD)	-	-	-	-	-	-	-
Capital adequacy ratio (%)	32.2	40.2	42.4	44.1	48.1	50.3	50.3
Return on equity (%)	19.7	22.7	16.8	14.1	13.6	10.9	10.9
Price-to-earnings ratio	7.4	6.9	9.7	10.7	10.5	12.3	12.3
Cash flows from operating activities	¥ 17,465	¥ 8,270	¥ 21,727	¥ 6,728	¥ 9,590	¥ 5,141	\$ 48,388
Cash flows from investing activities	¥ (59)	¥ (1,430)	¥ (160)	¥ (445)	¥ 143	¥ (328)	\$ (3,088)
Cash flows from financing activities	¥ (8,887)	¥ (5,867)	¥ (3,707)	¥ (2,900)	¥ (1,787)	¥ (1,670)	\$ (15,720)
End-of-year balance of cash and cash equivalents	¥ 26,005	¥ 27,030	¥ 45,008	¥ 48,335	¥ 57,132	¥ 60,283	\$ 567,425
Number of employees	3,288	3,315	3,266	3,366	3,447	3,609	3,609

Note:

1. U.S. dollar amounts are shown solely for the convenience of readers and are translated at the rate of ¥106.24 to U.S.\$1.00, the exchange rate prevailing at March 31, 2018.
2. Ordinary profit 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 a gradual recovery during the consolidated fiscal year under review as corporate earnings grew along with employment and incomes. Despite gradual economic expansion overseas, uncertainty remained in the form of the UK's exit from the EU and actions by the administration in the U.S., clouding the outlook for the future.

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 totaled 177,116 million yen. Although volume fell 13,910 million yen (7.3%) from the previous consolidated fiscal year, performance remained strong.

Sales rose 1,890 million yen (1.6%) from the previous consolidated fiscal year to 118,199 million yen on steady progress in construction projects such as waste treatment facilities and biomass power facilities. As a result, the backlog totaled 273,060 million yen.

Operating income was 10,030 million yen, ordinary profit was 10,670 million yen, and profit attributable to owners of parent was 7,847 million yen, down 944 million (8.6%), 936 million yen (8.1%), and 704 million yen (8.2%), respectively, from the previous consolidated fiscal year, when performance benefited from cost reductions.

Performance by segment was as follows:

Segment	Orders received	Sales amount	Operating income	Backlog
Domestic Environment and Energy	148,892	90,075	10,488	262,388
Overseas Environment and Energy	3,873	3,401	78	2,783
Package Boiler	17,696	17,321	1,015	3,350
Equipment and System Business	7,141	7,697	229	4,770
Sub-total	177,603	118,494	11,810	273,292
Adjustment	(486)	(295)	(1,780)	(231)
Total	177,116	118,199	10,030	273,060

Financial Data

+ Consolidated Balance Sheets

TAKUMA CO., LTD. and Consolidated Subsidiaries
As of March 31, 2018 and 2017

ASSETS	Millions of yen		Thousands of U.S. dollars	LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018		2018	2017	2018
ASSETS				LIABILITIES AND NET ASSETS			
Current assets:				Current liabilities:			
Cash and time deposits	¥ 60,864	¥ 57,719	\$ 572,888	Short-term loans payable	¥ 7,675	¥ 7,675	\$ 72,242
Notes and accounts receivable:				Current portion of long-term debt	470	468	4,422
Trade	50,049	44,716	471,092	Notes and accounts payable			
Unconsolidated subsidiaries and affiliated companies	380	391	3,578	Trade	34,913	32,569	328,625
Other	381	242	3,590	Unconsolidated subsidiaries and affiliated companies	234	344	2,204
Less allowance for doubtful accounts	(38)	(27)	(358)	Other	979	931	9,214
Total	50,772	45,322	477,902	Total	36,126	33,844	340,043
Inventories	4,307	3,897	40,538	Accrued income taxes	281	2,532	2,644
Deferred tax assets	1,669	2,471	15,708	Advances received	13,592	7,935	127,936
Other	1,372	766	12,917	Allowance for guarantees on completed work	86	177	808
Total current assets	118,984	110,175	1,119,953	Allowance for losses on sales contracts	373	3,578	3,508
				Other	5,709	5,734	53,741
Property, plant and equipment:				Total current liabilities	64,312	61,943	605,344
Land	3,011	3,018	28,344				
Buildings and structures	12,287	12,225	115,647	Long-term liabilities:			
Machinery, equipment, lease assets and construction in progress	10,653	11,119	100,275	Long-term debt	459	929	4,319
	25,951	26,362	244,266	Allowance for directors' and executive officers' retirement benefits	183	152	1,728
Less accumulated depreciation	(17,450)	(17,434)	(164,245)	Net defined benefit liability	9,406	9,011	88,535
Total property, plant and equipment	8,501	8,928	80,021	Other	776	439	7,301
				Total long-term liabilities	10,824	10,531	101,883
Investments and other assets:				Total liabilities	75,136	72,474	707,227
Investment securities	16,885	13,161	158,932	Contingent liabilities			
Investments in:							
Unconsolidated subsidiaries and affiliated companies	5,015	4,950	47,204	Net assets:			
Other	1,823	938	17,155	Common stock	13,367	13,367	125,823
Less allowance for doubtful accounts	(471)	(461)	(4,433)	Authorized: 321,840,000 shares			
Total	6,367	5,427	59,926	Issued: 83,000,000 shares			
Deferred tax assets	785	2,210	7,388	Capital surplus	3,768	3,768	35,469
Other	340	300	3,200	Retained earnings	52,949	46,258	498,386
Total investments and other assets	24,377	21,098	229,446	Treasury stock, at cost	(235)	(234)	(2,214)
				331,385 shares in 2018 and			
				331,201 shares in 2017			
				Total shareholders' equity	69,849	63,159	657,464
				Unrealized gains on securities	7,161	4,886	67,407
				Deferred gains and losses on hedges	(46)	(21)	(438)
				Foreign currency translation adjustments	2	6	22
				Remeasurements of defined benefit plans	(559)	(591)	(5,265)
				Total accumulated other comprehensive income	6,558	4,280	61,726
				Non-controlling interests in consolidated subsidiaries	319	288	3,003
				Total net assets	76,726	67,727	722,193
Total assets	¥ 151,862	¥ 140,201	\$ 1,429,420	Total liabilities and net assets	¥ 151,862	¥ 140,201	\$ 1,429,420

Financial Data

TAKUMA CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2018 and 2017

+ Consolidated Statements of Operations

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Net sales	¥ 118,199	¥ 116,309	\$ 1,112,562
Cost of sales	93,372	90,693	878,877
Gross profit	24,827	25,616	233,685
Selling, general and administrative expenses	14,797	14,642	139,277
Operating income	10,030	10,974	94,408
Other income (expenses):			
Interest and dividend income	367	337	3,455
Interest expense	(66)	(76)	(621)
Foreign currency exchange loss	(157)	-	(1,478)
Gain on sales of investment securities	111	-	1,041
Gain on liquidation of subsidiaries and associates	90	-	850
Loss on valuation of investment securities	(60)	-	(565)
Loss on disposal of property, plant and equipment	(44)	(51)	(419)
Equity in earnings of affiliated companies	461	280	4,344
Other, net	79	142	744
Other income (expenses), net	781	632	7,351
Income before income taxes	10,811	11,606	101,759
Income taxes:			
Current	1,352	2,859	12,731
Deferred	1,581	172	14,879
Total income taxes	2,933	3,031	27,610
Profit	7,878	8,575	74,149
Profit attributable to non-controlling interests in consolidated subsidiaries	31	24	284
Profit attributable to owners of parent	¥ 7,847	¥ 8,551	\$ 73,865
	Yen		U.S. dollars
Per share:			
Net income	¥ 94.93	¥ 103.43	\$ 0.89
Diluted net income	-	-	-
Cash dividends applicable to the year	16.00	13.00	0.15

+ Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Profit	¥ 7,878	¥ 8,575	\$ 74,149
Other comprehensive income:			
Unrealized gains on securities	2,275	1,299	21,420
Deferred gains and losses on hedges	(3)	(29)	(30)
Foreign currency translation adjustments	(4)	23	(36)
Remeasurements of defined benefit plans	31	69	294
Total other comprehensive income	2,299	1,362	21,648
Comprehensive income	¥ 10,177	¥ 9,937	\$ 95,797
Comprehensive income attributed to:			
Owners of the parent	¥ 10,125	¥ 9,942	\$ 95,306
Non-controlling interests	52	(5)	491

+ Consolidated Statements of Changes in Net Assets

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	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
	Millions of yen											
For the years ended March 31, 2018												
Balance at the beginning of current period	¥13,367	¥3,768	¥46,258	¥(234)	¥63,159	¥4,886	¥(21)	¥6	¥(591)	¥4,280	¥288	¥67,727
Cash dividends (¥14.00 per share)	-	-	(1,156)	-	(1,156)	-	-	-	-	-	-	(1,156)
Profit attributable to owners of parent	-	-	7,847	-	7,847	-	-	-	-	-	-	7,847
Purchase of treasury stock	-	-	-	(1)	(1)	-	-	-	-	-	-	(1)
Other changes during the year, net	-	-	-	-	-	2,275	(25)	(4)	32	2,278	31	2,309
Balance at the end of current period	¥13,367	¥3,768	¥52,949	¥(235)	¥69,849	¥7,161	¥(46)	¥2	¥(559)	¥6,558	¥319	¥76,726
For the years ended March 31, 2017												
Balance at the beginning of current period	¥13,367	¥3,768	¥38,754	¥(232)	¥55,657	¥3,586	¥(27)	¥(11)	¥(660)	¥2,888	¥264	¥58,809
Cash dividends (¥12.00 per share)	-	-	(992)	-	(992)	-	-	-	-	-	-	(992)
Profit attributable to owners of parent	-	-	8,551	-	8,551	-	-	-	-	-	-	8,551
Change in scope of consolidation	-	-	(55)	-	(55)	-	-	-	-	-	-	(55)
Purchase of treasury stock	-	-	-	(2)	(2)	-	-	-	-	-	-	(2)
Other changes during the year, net	-	-	-	-	-	1,300	6	17	69	1,392	24	1,416
Balance at the end of current period	¥13,367	¥3,768	¥46,258	¥(234)	¥63,159	¥4,886	¥(21)	¥6	¥(591)	¥4,280	¥288	¥67,727
For the years ended March 31, 2018												
Balance at the beginning of current period	\$125,823	\$35,469	\$435,415	\$(2,212)	\$594,495	\$45,987	\$(196)	\$53	\$(5,559)	\$40,285	\$2,711	\$637,491
Cash dividends (\$0.13 per share)	-	-	(10,894)	-	(10,894)	-	-	-	-	-	-	(10,894)
Profit attributable to owners of parent	-	-	73,865	-	73,865	-	-	-	-	-	-	73,865
Purchase of treasury stock	-	-	-	(2)	(2)	-	-	-	-	-	-	(2)
Other changes during the year, net	-	-	-	-	-	21,420	(242)	(31)	294	21,441	292	21,733
Balance at the end of current period	\$125,823	\$35,469	\$498,386	\$(2,214)	\$657,464	\$67,407	\$(438)	\$22	\$(5,265)	\$61,726	\$3,003	\$722,193

+ Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cash flows from operating activities:			
Income before income taxes	¥ 10,811	¥ 11,606	\$ 101,759
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	790	851	7,433
Loss (gain) on sales of investment securities	(111)	0	(1,041)
Loss (gain) on liquidation of subsidiaries and associates	(90)	1	(850)
Loss (gain) on valuation of investment securities	60	-	565
Increase (decrease) in allowance for doubtful accounts	20	(18)	191
Increase (decrease) in allowance for bonuses	307	182	2,892
Increase (decrease) in allowance for losses on sales contracts	(3,205)	(1,586)	(30,168)
Increase (decrease) in net defined benefit liability	441	445	4,152
Interest and dividend income	(367)	(337)	(3,455)
Interest expense	66	76	621
Equity in losses (earnings) of affiliated companies	(461)	(280)	(4,344)
Net decrease (increase) in notes and accounts receivable and advances received	200	463	1,884
Decrease (increase) in inventories	(387)	148	(3,640)
Decrease (increase) in other current assets	(305)	(25)	(2,875)
Net increase (decrease) in notes and accounts payable and advance money	1,959	(2,143)	18,438
Increase (decrease) in other current liabilities	(426)	1,489	(4,007)
Other	(798)	148	(7,506)
Subtotal	8,504	11,020	80,049
Interest and dividend received	456	405	4,293
Interest paid	(66)	(76)	(625)
Income taxes received (paid)	(3,753)	(1,759)	(35,329)
Net cash provided by operating activities	5,141	9,590	48,388
Cash flows from investing activities:			
Net decrease (increase) in time deposits	4	3	40
Purchase of property, plant and equipment	(343)	(575)	(3,231)
Purchase of intangible fixed assets	(125)	(65)	(1,174)
Purchase of investment securities	(561)	(473)	(5,277)
Sale of investment securities	230	13	2,161
Disbursement for loans receivable	(151)	(171)	(1,423)
Collection of loans receivable	550	1,328	5,175
Other	68	83	641
Net cash provided by (used in) investing activities	(328)	143	(3,088)
Cash flows from financing activities:			
Net increase (decrease) in short-term bank loans	-	(75)	-
Payment of long-term debt	(468)	(673)	(4,403)
Purchase of treasury stock	(1)	(2)	(2)
Payment of cash dividends	(1,157)	(992)	(10,894)
Dividends paid to non-controlling interests	(21)	(17)	(199)
Other	(23)	(28)	(222)
Net cash used in financing activities	(1,670)	(1,787)	(15,720)
Effect of exchange rate changes on cash and cash equivalents	8	15	78
Net increase in cash and cash equivalents	3,151	7,961	29,658
Cash and cash equivalents at beginning of year	57,132	48,335	537,767
Increase in cash and cash equivalents from newly consolidated subsidiary	-	836	-
Cash and cash equivalents at end of year	¥ 60,283	¥ 57,132	\$ 567,425