

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 [Japanese GAAP]



April 27, 2016

Company name: Toyo Machinery & Metal Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6210
 URL: <http://www.toyo-mm.co.jp/>
 Representative: Kazunori Sogame, President and Representative Director
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 Scheduled date of Annual General Meeting of Shareholders: June 23, 2016
 Scheduled date of filing annual securities report: June 23, 2016
 Scheduled date of commencing dividend payments: June 24, 2016
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes (for analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2016	26,664	2.5	1,800	(4.5)	1,813	(9.2)	1,863	14.2
March 31, 2015	26,005	9.8	1,885	5.1	1,997	(7.6)	1,631	(7.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2016: ¥1,735 million [(17.6%)]
 Fiscal year ended March 31, 2015: ¥2,106 million [1.7%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2016	92.26	-	13.9	7.6	6.8
March 31, 2015	79.14	-	13.5	8.9	7.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2016: – million
 Fiscal year ended March 31, 2015: – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	24,528	13,934	56.1	731.87
As of March 31, 2015	23,368	13,160	55.6	630.28

(Reference) Equity: As of March 31, 2016: ¥13,761 million
 As of March 31, 2015: ¥12,992 million

(3) Consolidated Cash Flows

	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 March 31, 2016	1,905	(1,983)	(267)	5,027
March 31, 2015	688	(718)	(490)	5,430

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2015	-	4.00	-	6.00	10.00	206	12.6	1.7
March 31, 2016	-	5.00	-	10.00	15.00	291	16.3	2.2
Fiscal year ending March 31, 2017 (Forecast)	-	7.00	-	8.00	15.00		16.8	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	13,500	2.5	980	11.7	980	6.8	800	12.4	42.55
Full year	27,500	3.1	2,050	13.9	2,050	13.1	1,680	(9.8)	89.35

* The Company purchased its treasury shares on January 28, 2016 based on the resolution of the Board of Directors held on January 27, 2016. The amount of basic earnings per share shown in the consolidated financial results forecast for the fiscal year ending March 31, 2017 reflects the purchase of these treasury shares.

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
New companies: –
Excluded companies: –
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
March 31, 2016: 20,703,000 shares
March 31, 2015: 20,703,000 shares

2) Total number of treasury shares at the end of the period:
March 31, 2016: 1,900,054 shares
March 31, 2015: 89,393 shares

3) Average number of shares during the period:
Fiscal Year ended March 31, 2016: 20,195,608 shares
Fiscal Year ended March 31, 2015: 20,613,785 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2016	24,568	6.5	980	(13.7)	1,106	(13.7)	1,492	28.4
March 31, 2015	23,072	9.5	1,136	9.7	1,281	7.1	1,162	5.9

Fiscal year ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
March 31, 2016	73.91		-	
March 31, 2015	56.39		-	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	21,414	11,128	52.0	591.85
As of March 31, 2015	20,149	10,621	52.7	515.28

(Reference) Equity: As of March 31, 2016: ¥11,128 million
As of March 31, 2015: ¥10,621 million

*** Presentation regarding the implementation status of the audit process**

These financial results are outside the scope of audit process procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these financial results, audit process procedures for the financial statements under the Financial Instruments and Exchange Act are still in progress.

* Explanation of the proper use of financial results forecast and other notes

(Notice about forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions which the Company deems as reasonable, and do not constitute a guarantee that they will be achieved by the Company. Actual results may differ significantly from these forecasts due to a wide range of factors.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	5,430,474	5,027,788
Notes and accounts receivable - trade	6,120,649	6,076,652
Electronically recorded monetary claims - operating	993,620	1,056,300
Merchandise and finished goods	2,401,026	2,812,408
Work in process	1,879,377	1,591,296
Raw materials and supplies	507,182	398,589
Deferred tax assets	39,724	328,416
Other	733,013	652,971
Allowance for doubtful accounts	(9,554)	(8,735)
Total current assets	18,095,515	17,935,688
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,399,577	2,929,298
Machinery, equipment and vehicles, net	750,399	1,447,219
Tools, furniture and fixtures, net	164,118	132,546
Land	804,581	799,322
Leased assets, net	15,605	10,718
Construction in progress	264,783	378,116
Total property, plant and equipment	4,399,066	5,697,222
Intangible assets	428,670	487,911
Investments and other assets		
Investment securities	240,238	201,360
Deferred tax assets	83,310	92,874
Net defined benefit asset	75,164	70,536
Other	47,194	42,920
Allowance for doubtful accounts	(183)	(131)
Total investments and other assets	445,724	407,560
Total non-current assets	5,273,461	6,592,695
Total assets	23,368,976	24,528,383

(Thousand yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,399,520	4,342,525
Current portion of long-term loans payable	300,000	400,000
Accrued expenses	626,728	671,059
Income taxes payable	98,629	201,773
Accrued consumption taxes	48,166	14,991
Deferred tax liabilities	1,748	331
Provision for product warranties	112,021	136,621
Provision for directors' bonuses	30,760	27,800
Other	1,383,729	1,109,039
Total current liabilities	7,001,304	6,904,143
Non-current liabilities		
Long-term loans payable	750,000	1,350,000
Deferred tax liabilities	295,221	77,242
Net defined benefit liability	2,141,931	2,248,426
Other	19,663	14,096
Total non-current liabilities	3,206,816	3,689,765
Total liabilities	10,208,120	10,593,908
Net assets		
Shareholders' equity		
Capital stock	2,506,512	2,506,512
Capital surplus	2,028,834	2,028,834
Retained earnings	8,146,749	9,783,161
Treasury shares	(48,558)	(783,722)
Total shareholders' equity	12,633,538	13,534,785
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	68,952	42,689
Deferred gains or losses on hedges	–	2,354
Foreign currency translation adjustment	409,408	274,910
Remeasurements of defined benefit plans	(119,557)	(93,408)
Total accumulated other comprehensive income	358,802	226,546
Non-controlling interests	168,514	173,143
Total net assets	13,160,855	13,934,475
Total liabilities and net assets	23,368,976	24,528,383

(2) Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Net sales	26,005,536	26,664,283
Cost of sales	19,224,930	19,941,038
Gross profit	6,780,606	6,723,244
Selling, general and administrative expenses	4,895,022	4,922,963
Operating income	1,885,583	1,800,281
Non-operating income		
Interest and dividend income	8,796	12,782
Rent income on non-current assets	71,250	71,260
Foreign exchange gains	77,843	–
Other	20,143	21,594
Total non-operating income	178,033	105,637
Non-operating expenses		
Interest expenses	10,601	4,316
Rent expenses on non-current assets	8,161	8,132
Loss on retirement of non-current assets	29,525	13,986
Loss on sales of notes receivable - trade	5,143	2,811
Commission fee	2,502	10,253
Foreign exchange losses	–	44,109
Other	10,323	9,238
Total non-operating expenses	66,257	92,848
Ordinary income	1,997,359	1,813,070
Extraordinary income		
Gain on sales of non-current assets	–	12,889
Total extraordinary income	–	12,889
Extraordinary losses		
Loss on sales of non-current assets	9,266	–
Loss on retirement of non-current assets	37,229	49,191
Total extraordinary losses	46,495	49,191
Profit before income taxes	1,950,864	1,776,768
Income taxes - current	338,588	338,232
Income taxes - deferred	(25,421)	(444,405)
Total income taxes	313,166	(106,172)
Profit	1,637,697	1,882,941
Profit attributable to non-controlling interests	6,257	19,781
Profit attributable to owners of parent	1,631,439	1,863,160

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Profit	1,637,697	1,882,941
Other comprehensive income		
Valuation difference on available-for-sale securities	15,557	(26,262)
Deferred gains or losses on hedges	–	2,354
Foreign currency translation adjustment	223,644	(149,650)
Remeasurements of defined benefit plans, net of tax	229,389	26,149
Total other comprehensive income	468,591	(147,408)
Comprehensive income	2,106,288	1,735,532
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,079,251	1,730,903
Comprehensive income attributable to non-controlling interests	27,037	4,628

(3) Consolidated Statement of Changes in Equity
For the fiscal year ended March 31, 2015

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,506,512	2,028,834	6,824,117	(48,436)	11,311,028
Cumulative effects of changes in accounting policies			(123,283)		(123,283)
Restated balance	2,506,512	2,028,834	6,700,834	(48,436)	11,187,745
Changes of items during period					
Dividends of surplus			(185,524)		(185,524)
Profit attributable to owners of parent			1,631,439		1,631,439
Purchase of treasury shares				(121)	(121)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,445,914	(121)	1,445,793
Balance at end of current period	2,506,512	2,028,834	8,146,749	(48,558)	12,633,538

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	53,394	—	206,543	(348,947)	(89,009)	141,477	11,363,496
Cumulative effects of changes in accounting policies							(123,283)
Restated balance	53,394	—	206,543	(348,947)	(89,009)	141,477	11,240,213
Changes of items during period							
Dividends of surplus							(185,524)
Profit attributable to owners of parent							1,631,439
Purchase of treasury shares							(121)
Net changes of items other than shareholders' equity	15,557	—	202,864	229,389	447,811	27,037	474,849
Total changes of items during period	15,557	—	202,864	229,389	447,811	27,037	1,920,642
Balance at end of current period	68,952	—	409,408	(119,557)	358,802	168,514	13,160,855

For the fiscal year ended March 31, 2016

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,506,512	2,028,834	8,146,749	(48,558)	12,633,538
Changes of items during period					
Dividends of surplus			(226,748)		(226,748)
Profit attributable to owners of parent			1,863,160		1,863,160
Purchase of treasury shares				(735,196)	(735,196)
Disposal of treasury shares				31	31
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,636,411	(735,164)	901,247
Balance at end of current period	2,506,512	2,028,834	9,783,161	(783,722)	13,534,785

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	68,952	-	409,408	(119,557)	358,802	168,514	13,160,855
Changes of items during period							
Dividends of surplus							(226,748)
Profit attributable to owners of parent							1,863,160
Purchase of treasury shares							(735,196)
Disposal of treasury shares							31
Net changes of items other than shareholders' equity	(26,262)	2,354	(134,497)	26,149	(132,256)	4,628	(127,627)
Total changes of items during period	(26,262)	2,354	(134,497)	26,149	(132,256)	4,628	773,619
Balance at end of current period	42,689	2,354	274,910	(93,408)	226,546	173,143	13,934,475

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	1,950,864	1,776,768
Depreciation	458,768	655,037
Increase (decrease) in allowance for doubtful accounts	(571)	(697)
Increase (decrease) in provision for directors' bonuses	11,220	(2,960)
Increase (decrease) in provision for product warranties	31,914	24,600
Increase (decrease) in net defined benefit liability	107,478	53,323
Interest and dividend income	(8,796)	(12,782)
Interest expenses	10,601	4,316
Foreign exchange losses (gains)	(13,040)	(4,989)
Loss on retirement of non-current assets	66,754	63,184
Loss (gain) on sales of non-current assets	9,266	(12,889)
Decrease (increase) in notes and accounts receivable - trade	(14,345)	(51,407)
Decrease (increase) in inventories	(1,073,746)	(139,296)
Increase (decrease) in notes and accounts payable - trade	(16,651)	(5,267)
Increase (decrease) in accrued consumption taxes	30,827	(33,174)
Decrease (increase) in consumption taxes refund receivable	(331,068)	24,701
Other, net	(106,592)	(198,478)
Subtotal	1,112,883	2,139,988
Interest and dividend income received	8,796	12,782
Interest expenses paid	(10,601)	(4,316)
Income taxes paid	(423,041)	(243,106)
Net cash provided by (used in) operating activities	688,036	1,905,348
Cash flows from investing activities		
Purchase of property, plant and equipment	(517,899)	(1,776,221)
Purchase of intangible assets	(157,165)	(201,052)
Payments for retirement of property, plant and equipment	(43,604)	(24,295)
Proceeds from sales of non-current assets	500	18,148
Net cash provided by (used in) investing activities	(718,168)	(1,983,421)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	1,000,000
Repayments of long-term loans payable	(300,000)	(300,000)
Cash dividends paid	(185,524)	(226,748)
Purchase of treasury shares	(121)	(735,196)
Other, net	(5,040)	(5,125)
Net cash provided by (used in) financing activities	(490,686)	(267,069)
Effect of exchange rate change on cash and cash equivalents	108,102	(57,542)
Net increase (decrease) in cash and cash equivalents	(412,715)	(402,685)
Cash and cash equivalents at beginning of period	5,843,189	5,430,474
Cash and cash equivalents at end of period	5,430,474	5,027,788