

Notice Regarding Change in Sub-subsidiary (Acquisition of Membership Interest)

Taikisha Ltd. (hereinafter “Company”) announced that its Board of Directors held on June 27, 2014 has resolved to acquire 51% of membership interest of ENC Automation LLC (USA, hereinafter “New Encore”) to which all business of Encore Automation LLC (USA, hereinafter “Former Encore”) are transferred.

*After the execution of Membership Interest Purchase Agreement, New Encore shall change its name from “ENC Automation LLC” to “Encore Automation LLC”, and at the same time Former Encore shall change its name.

1. Purpose of Membership Interest Acquisition

Former Encore had been an engineering company in robot application system field which is the same case with Company's Automation System Head Office of Paint Finishing System Division and owns unique automatic wiping, polishing system as well, system to paint aircrafts. Its' main clients are American car manufacturers located mainly in North America and aircraft manufacturers.

Company has been continuously aiming to develop group organizations to cope with globalization of business and further to strengthen our competitiveness. Through close cooperation with New Encore which had succeeded the technology and sales capabilities of Former Encore, Company aims to achieve further increase in robot application system business of Paint Finishing System Division in North American market as well, strengthening the after sales network in North American market. On top of it, Company will expand robot application system business of New Encore also in markets other than North America through Company's overseas network. All these being the reason for Company to acquire the membership interest of New Encore.

2. Method of Acquisition

Former Encore will acquire 100% of membership interest of New Encore in exchange for the transfer of whole business of Former Encore to New Encore. Subsequently, TKS Industrial Company (USA) which is a 100% subsidiary of Company will then be acquiring 51% membership interest of New Encore from Former Encore.

3. Outline of the Company that will become a Sub-subsidiary

(1) Corporate Name	Encore Automation LLC (New Encore, Current Name “ENC Automation LLC”)
(2) Head Office	15 Corporate Drive, Auburn Hills, Michigan 48326, USA
(3) Name and Title of Representative	Steven. A. Becroft, President
(4) Principal Line of Business	Design and installation of painting systems and plants for automotive industry and aircraft industry
(5) Members Equity	2,600 thousand U.S. Dollars (264,290 million Japanese Yen)
(6) Established	June, 2014
(7) Principapl Shareholders and Shareholding Ratio	Former Encore 100%

(8) Relationship with Company	Capital relationship	There are no significant capital relationships between Company and New Encore. In addition, there are no noteworthy capital relationships between the interested parties and affiliated companies of Company and New Encore.
	Personnel relationship	There are no significant personnel relationships between Company and New Encore. In addition, there are no noteworthy personnel relationships between the interested parties and affiliated companies of Company and New Encore.
	Business Relationship	There are no significant business relationships between Company and New Encore. In addition, there are no noteworthy business relationships between the interested parties and affiliated companies of Company and New Encore.
	Status as a Related Party	New Encore is not considered to be a related party of Company. In addition, interested parties and affiliated companies of New Encore do not fall under the related parties of Company
(9) Operating results and financial conditions of New Encore	New Encore was established in June 2014 as a company to receive the business of Former Encore. Before New Encore will take over the business of Former Encore, New Encore has no business and no closed fiscal year.	

(Note) Exchange Rate as of May, 2014 (1US Dollar = 101.65 Japanese Yen)

(Note) The book value of the assets transferred from Former Encore to New Encore is expected to be changed insignificantly; the amount of members' equity of New Encore is an estimated amount as of today.

4. Outline of the Company which Membership Interest will be acquired

(1) Corporate Name	Encore Automation LLC (Former Encore)	
(2) Head Office	15 Corporate Drive, Auburn Hills, Michigan 48326, USA	
(3) Name and Title of Representative	Steven. A. Becroft, President	
(4) Established	March, 2006	
(5) Net sales	36,796 thousand U.S. Dollars (3,740 million Japanese Yen) (Fiscal Year ended December, 2013)	
(6) Principal Shareholders	2 individuals	
(7) Relationship with Company	Capital relationship	There are no significant capital relationships between Company and Former Encore. In addition, there are no noteworthy capital relationships between the interested parties and affiliated companies of Company and Former

		Encore.
	Personnel relationship	There are no significant personnel relationships between Company and Former Encore. In addition, there are no noteworthy personnel relationships between the interested parties and affiliated companies of Company and Former Encore.
	Business Relationship	There are no significant business relationships between Company and Former Encore. In addition, there are no noteworthy business relationships between the interested parties and affiliated companies of Company and Former Encore.
	Status as a Related Party	Former Encore is not considered to be a related party of Company. In addition, interested parties and affiliated companies of Former Encore do not fall under the related parties of Company.

5. Number of Membership Interest Acquired, and Ownership before and After the Acquisition

(1) Number of Membership Interest Owned before Acquisition	- (Ratio of voting rights owned: -)
(2) Number of Membership Interest to be Acquired	5,100 Units (Ratio of voting rights owned: 51.0%)
(3) Number of Membership Interest Owned after Acquisition	5,100 Units (Ratio of voting rights owned: 51.0%)

6. Schedule of Acquisition of Membership Interest

(1) Date of Resolution of the meeting of Board of Directors	June 27, 2014
(2) Execution Date of Membership Interest Purchase Agreement	June 30, 2014 (planned)
(3) Date of Membership Interest Acquisition	June 30, 2014 (planned)

7. Financial Outlook

By acquiring the membership interest of New Encore, New Encore will become the consolidated subsidiary of Company. Should any material impact by the change in amount of goodwill be expected, Company will make announcement immediately. It is expected that there will not be any material impact of this acquisition of Sub-subsiidiary on Company's consolidated financial outlook for the fiscal year ending March 31, 2015.