

Financial Report for the Third Quarter ended March, 2011

February 10, 2011

The following statements are an English-language translation of the original Japanese-language document.
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of company·····Taikisha Ltd.

Stock Exchange·····Tokyo Part1

Code No.··········1979

Representative·····Eitaro Uenishi, President and representative Director

Contact··········Takashi Sakurai, Director and Executive corporate officer, Administrative management headquarters Chief executive

Tel··········(03)3343—1401

URL··········<http://www.taikisha.co.jp/>

Scheduled date to submit Quarterly report : February 14, 2010

Payment date of cash dividends : —

Supplemental materials prepared for quarterly financial results : None

Information meetings arranged related quarterly financial results : None

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2010 through December 31, 2010)

(1) Consolidated Operation Result

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY10 3Q	77,472	(7.0)	(90)	—	514	(79.3)	149	(87.4)
FY09 3Q	83,348	(27.6)	2,223	(26.0)	2,489	(30.0)	1,183	66.9

	Net income per share	Net income per share after potential share adjustment
	yen	yen
FY10 3Q	4.06	—
FY09 3Q	32.18	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
FY10 3Q	136,100	64,068	45.5	1,683.75
FY09	121,894	66,263	52.3	1,734.49

(Ref.) Equity capital FY10 3Q 61,908 million yen
FY09 63,776 million yen

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	At the end of FY	Total (annually)
FY09	—	15.00	—	15.00	30.00
FY10	—	15.00	—		
FY10 (Forecast)				15.00	30.00

(Note) Whether the dividend forecast for the quarter under review has been revised: None

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2011 (April 1, 2010 through March 31, 2011)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	145,000	23.7	5,100	59.9	5,500	48.7	2,900	(20.9)	78.87

(Note) Whether the forecast for consolidated operating performance for the quarter under review has been revised: Yes

4. Others

- (1) Changes in major subsidiaries during the quarter (Changes in subsidiaries that affect consolidated financial results) : Yes
New Consolidated company One
Company Name (Tianjin Taikisha Paint Finishing System Ltd.)
- (2) Simplified accounting process or accounting process specific to Consolidated Quarterly Financial Statements : Yes
- (3) Changes in principles, procedures, and presentation method of accounting related to compilation of consolidated quarterly financial statements (Description of changes in important items that comprise the basic foundation in the compilation of consolidated quarterly financial statements)
- ① Changes attendant with revisions in accounting principles: Yes
② Other changes aside from ① above : None

(4) Number of shares issued (common shares)

- ① Number of shares issued at end of FY
(including treasury shares)
- ② Number of treasury shares at end of FY
- ③ Average number of common shares
during the period

FY10 3Q	36,782,009 shares	FY09	36,782,009 shares
FY10 3Q	13,512 shares	FY09	12,594 shares
FY10 3Q	36,769,078 shares	FY09 3Q	36,769,664 shares

※ Cautionary statement regarding forward-looking statements

This quarterly earnings report is not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act, have not been completed.

Data and forward-looking statements disclosed herein are based on information current as of today, and may change depending upon various factors. The data and judgments do not guarantee accomplishment of goals and projections, and may be changed at any time without notice. Consequently, we ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. Our company will not be responsible for any damages that result from the use of this information.

1 Consolidated Financial Statement

(1) Consolidated Balance Sheet

	Millions of yen	
	FY10 3Q (Dec. 31, 10)	FY09 4Q (Mar. 31, 10)
Assets		
Current assets		
Cash and deposits	21,833	27,320
Notes receivable, accounts receivable from completed construction contracts and other	41,639	43,630
Short-term investment securities	3,000	—
Costs on uncompleted construction contracts	30,964	17,518
Raw materials and supplies	522	453
Other	9,103	5,873
Allowance for doubtful accounts	(247)	(306)
Total current assets	<u>106,816</u>	<u>94,489</u>
Noncurrent assets		
Property, plant and equipment	6,854	7,071
Intangible assets	1,206	1,473
Investments and other assets		
Investment securities	18,880	16,216
Other	2,456	3,376
Allowance for doubtful accounts	(112)	(733)
Total investments and other assets	<u>21,223</u>	<u>18,859</u>
Total noncurrent assets	<u>29,283</u>	<u>27,405</u>
Total assets	<u>136,100</u>	<u>121,894</u>
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	29,588	28,052
Short-term loans payable	2,522	1,481
Income taxes payable	654	449
Advances received on uncompleted construction contracts	26,000	14,721
Provision for bonuses	681	24
Provision for warranties for completed construction	219	309
Provision for loss on construction contracts	1,461	1,089
Other	5,616	3,758
Total current liabilities	<u>66,745</u>	<u>49,885</u>
Noncurrent liabilities		
Long-term loans payable	508	503
Provision for retirement benefits	3,166	3,167
Provision for directors' retirement benefits	116	204
Other	1,495	1,870
Total noncurrent liabilities	<u>5,287</u>	<u>5,745</u>
Total liabilities	<u>72,032</u>	<u>55,631</u>
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,297	7,297
Retained earnings	47,982	48,936
Treasury stock	(18)	(17)
Total shareholders' equity	<u>61,716</u>	<u>62,671</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,488	3,933
Deferred gains or losses on hedges	3	(0)
Foreign currency translation adjustment	(3,299)	(2,828)
Total valuation and translation adjustments	<u>192</u>	<u>1,104</u>
Minority interests	2,159	2,487
Total net assets	<u>64,068</u>	<u>66,263</u>
Total liabilities and net assets	<u>136,100</u>	<u>121,894</u>

(2) Consolidated Income Statement

	Millions of yen	
	FY09 3Q	FY10 3Q
	(Apr.1, 09 - Dec. 31, 09)	(Apr.1, 10 - Dec. 31, 10)
Net sales of completed construction contracts	83,348	77,472
Cost of sales of completed construction contracts	71,288	67,142
Gross profit on completed construction contracts	12,059	10,329
Selling, general and administrative expenses	9,835	10,420
Operating income (loss)	2,223	(90)
Non-operating income		
Interest income	141	139
Dividends income	216	228
Dividends income of insurance	73	93
Real estate rent	101	95
Equity in earnings of affiliates	30	61
Other	137	227
Total non-operating income	699	846
Non-operating expenses		
Interest expenses	52	65
Rent expenses on real estates	79	68
Foreign exchange losses	167	38
Dividend distribution tax	1	10
Provision of allowance for doubtful accounts	92	—
Other	40	57
Total non-operating expenses	433	241
Ordinary income	2,489	514
Extraordinary income		
Reversal of allowance for doubtful accounts	118	166
Gain on disposal of noncurrent assets	21	13
Gain on sales of investment securities	9	—
Gain on change in equity	—	5
Gain on negative goodwill	—	172
Other	180	—
Total extraordinary income	330	358
Extraordinary loss		
Loss on disposal of noncurrent assets	4	12
Loss on sales of investment securities	—	26
Loss on valuation of investment securities	32	46
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	48
Other	56	3
Total extraordinary losses	93	137
Income before income taxes and minority interests	2,726	734
Income taxes-current	499	1,219
Income taxes for prior periods	—	159
Income taxes-deferred	903	(1,005)
Total income taxes	1,403	373
Income before minority interests	—	361
Minority interests in income	140	211
Net income	1,183	149

(3) Consolidated Cash Flow Statement

Millions of yen

	FY09 3Q (Apr.1, 09 - Dec. 31, 09)	FY10 3Q (Apr.1, 10 - Dec. 31, 10)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,726	734
Depreciation and amortization	799	822
Gain on negative goodwill	—	(172)
Increase (decrease) in allowance for doubtful accounts	29	(677)
Increase (decrease) in provision for retirement benefits	15	4
Increase (decrease) in provision for directors' retirement benefits	30	(87)
Increase (decrease) in provision for loss on construction contracts	(37)	372
Interest and dividends income	(357)	(368)
Interest expenses	52	65
Loss (gain) on sales of investment securities	(9)	26
Loss (gain) on disposal of property, plant and equipment and intangible assets	(17)	(1)
Loss (gain) on valuation of investment securities	32	46
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	48
Decrease (increase) in notes and accounts receivable-trade	11,355	1,753
Decrease (increase) in inventories	1,069	(13,610)
Decrease (increase) in advances paid	(4)	78
Decrease (increase) in accounts receivable-other	7	(6)
Increase (decrease) in notes and accounts payable-trade	(9,688)	1,784
Increase (decrease) in advances received on uncompleted construction contracts	2,651	11,714
Increase (decrease) in accrued consumption taxes	(94)	(535)
Increase (decrease) in deposits received	373	702
Increase (decrease) in accrued expenses	(141)	227
Other, net	(2,437)	(259)
Subtotal	6,357	2,659
Interest and dividends income received	357	368
Interest expenses paid	(46)	(62)
Income taxes paid	(1,858)	(862)
Net cash provided by (used in) operating activities	4,810	2,103
Net cash provided by (used in) investing activities		
Payments into time deposits	(156)	(2,179)
Proceeds from withdrawal of time deposits	2,823	226
Purchase of short-term investment securities	—	(2,000)
Purchase of property, plant and equipment and intangible assets	(767)	(580)
Proceeds from sales of property, plant and equipment and intangible assets	171	53
Purchase of investment securities	(56)	(3,795)
Proceeds from sales of investment securities	42	347
Purchase of investments in subsidiaries	(0)	(100)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	46	—
Payments of long-term loans receivable	(26)	(31)
Collection of long-term loans receivable	23	42
Purchase of insurance funds	(95)	(27)
Proceeds from maturity of insurance funds	164	10
Other, net	(11)	201
Net cash provided by (used in) investing activities	2,158	(7,832)

	FY09 3Q (Apr. 1, 09 - Dec. 31, 09)	FY10 3Q (Apr. 1, 10 - Dec. 31, 10)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(385)	1,187
Proceeds from long-term loans payable	—	105
Repayment of long-term loans payable	(121)	(155)
Repayments of lease obligations	(35)	(41)
Proceeds from stock issuance to minority shareholders	—	69
Net decrease (increase) in treasury stock	(0)	(1)
Cash dividends paid	(1,103)	(1,078)
Cash dividends paid to minority shareholders	(262)	(217)
Net cash provided by (used in) financing activities	<u>(1,908)</u>	<u>(130)</u>
Effect of exchange rate change on cash and cash equivalents	34	(542)
Net increase (decrease) in cash and cash equivalents	<u>5,094</u>	<u>(6,401)</u>
Cash and cash equivalents at beginning of period	<u>25,267</u>	<u>26,752</u>
Cash and cash equivalents at end of period	<u>30,361</u>	<u>20,351</u>

(Segment information)

1. Industry segments

The business of the company and its consolidated subsidiaries is construction of facilities, and there is no other segment to be disclosed.

2. Geographical segments

Millions of yen

FY09 3Q (Apr.1,09 - Dec.31,09)								
	Japan	North America	Southeast Asia	East Asia	Other areas	Total	Eliminations/Corporate	Consolidated
Sales and operating income (loss)								
Sales								
Sales to customers	54,205	7,667	14,333	5,036	2,105	83,348	—	83,348
Intersegment	608	12	29	58	21	730	(730)	—
Total	54,814	7,679	14,363	5,095	2,126	84,079	(730)	83,348
Operating income (loss)	1,176	(128)	435	346	71	1,900	323	2,223

(Note) 1. The countries or the regions are classified depending on geographical proximity.

2. Major countries in the classification, except Japan.

(1) North America USA, Canada

(2) Southeast Asia Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam

(3) East Asia China, Taiwan, Korea

(4) Other areas UK, India

3. Overseas sales

Millions of yen

		North America	Southeast Asia	East Asia	Other areas	Total
FY09 3Q	Overseas sales	7,375	15,253	10,183	5,149	37,961
(Apr.1,09 - Dec.31,09)	Total sales	—	—	—	—	83,348
	Ratio of overseas sales to total sales (%)	8.8	18.3	12.2	6.2	45.5

(Note) 1. The countries or the regions are classified depending on geographical proximity.

2. Major countries in the classification, except Japan.

(1) North America USA, Canada

(2) Southeast Asia Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam

(3) East Asia China, Taiwan, Korea

(4) Other areas UK, India

3. Overseas sales is revenue made by the Company and its consolidated subsidiaries, except for Japan.

(Additional Information)

From the current first quarter, the Company adapted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008).

1. Sales and profits or losses by reportable segments

Millions of yen

FY10 3Q (Apr.1,10 - Dec.31,10)					
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/Corporate	Consolidated
Sales and operating income (loss)					
Sales					
Sales to customers	56,416	21,055	77,472	—	77,472
Intersegment	1	29	31	(31)	—
Total	56,418	21,085	77,503	(31)	77,472
Segment profit (loss)	(1,075)	1,360	285	228	514

(Note) 1. The amount of Eliminations/ Corporate is as follows:

Segment profit of Eliminations/ Corporate of 228 million yen includes non-allocatable common costs of -249 million yen and other adjustment of -21 million yen.

Non-allocatable common costs is mainly dividend income etc those are not attribute to any reporting segments.

2. Segment profit (loss) were adjusted in the ordinary income of the quarterly consolidated income statement.

2. Sales by region

Millions of yen

FY10 3Q (Apr.1,10 - Dec.31,10)								
Japan	North America	Thailand	Southeast Asia	China	East Asia	India	Other	Total
38,315	890	11,443	8,457	12,142	980	3,470	1,771	77,472

(Supplementary information)

1. Statement for orders-received during this period, sales of construction during this period and sales of construction carried forward by each division (consolidated)

Millions of yen

Division			FY09 3Q (Apr. 1,09 - Dec. 31,09)		FY10 3Q (Apr.1,10 - Dec. 31,10)		Increase (decrease)	
			Amounts	%	Amounts	%	Amounts	%
Orders-received construction during this period	Green Technology System Division	HVAC for buildings	25,555	31.1 %	24,230	22.5 %	(1,325)	(5.2) %
		Industrial HVAC	36,290	44.2	56,472	52.4	20,182	55.6
		Total	61,846	75.3	80,703	74.9	18,857	30.5
		[Overseas]	[15,639]	[19.0]	[32,117]	[29.8]	[16,478]	[105.4]
	Paint Finishing System Division	20,292	24.7	27,051	25.1	6,759	33.3	
	[Overseas]	[15,319]	[18.7]	[24,330]	[22.6]	[9,011]	[58.8]	
Total	82,138	100.0	107,754	100.0	25,616	31.2		
[Overseas]	[30,959]	[37.7]	[56,447]	[52.4]	[25,488]	[82.3]		
Sales of construction during this period	Green Technology System Division	HVAC for buildings	18,140	21.7	18,086	23.3	(54)	(0.3)
		Industrial HVAC	35,816	43.0	38,329	49.5	2,513	7.0
		Total	53,956	64.7	56,416	72.8	2,460	4.6
		[Overseas]	[15,016]	[18.0]	[21,112]	[27.3]	[6,096]	[40.6]
	Paint Finishing System Division	29,391	35.3	21,055	27.2	(8,336)	(28.4)	
	[Overseas]	[22,945]	[27.5]	[18,044]	[23.2]	[(4,901)]	[(21.4)]	
Total	83,348	100.0	77,472	100.0	(5,876)	(7.0)		
[Overseas]	[37,961]	[45.5]	[39,156]	[50.5]	[1,195]	[3.1]		
Construction carried forward	Green Technology System Division	HVAC for buildings	43,898	40.6	50,802	36.1	6,904	15.7
		Industrial HVAC	32,986	30.5	49,958	35.6	16,972	51.5
		Total	76,885	71.1	100,760	71.7	23,875	31.1
		[Overseas]	[11,087]	[10.2]	[21,221]	[15.1]	[10,134]	[91.4]
	Paint Finishing System Division	31,314	28.9	39,816	28.3	8,502	27.2	
	[Overseas]	[20,548]	[19.0]	[33,576]	[23.9]	[13,028]	[63.4]	
Total	108,200	100.0	140,577	100.0	32,377	29.9		
[Overseas]	[31,636]	[29.2]	[54,798]	[39.0]	[23,162]	[73.2]		

- (Note) 1. The amounts of orders received, sales of construction, and construction carried forward are the transacted amount with external customer
2. 1 million yen difference of the sales by construction of Green Technology System Division between the consolidated accounting period (56,416 million yen) and the segment information(56,418 million yen) and 29 million yen difference of the sales by construction of Paint Finishing System Division between the consolidated accounting period (21,055 million yen) and the segment information(21,085 million yen) are, due to intersegment sales.