

## **Announcement regarding Recognition of Extraordinary Loss and Revision of Earnings Forecasts for the Second Quarter of the Fiscal Year ending March 31, 2019**

Taikisha Ltd. (the "Company") announced that an extraordinary loss will be recognized for the second quarter of the fiscal year ending March 31, 2019 (April 1, 2018 through September 30, 2018) as follows. In addition to this, based on recent trends in business performance, the Company has revised its consolidated and non-consolidated earnings forecasts for the second quarter of the fiscal year ending March 31, 2019, which were announced on May 15, 2018.

### **1. Recognition of extraordinary loss**

#### **(1) Impairment loss on shares of consolidated subsidiary (Non-consolidated)**

Due to the deterioration in profitability of US's large-scale projects etc. in Geico S.p.A. ("Geico") overseas consolidated subsidiary of the Company and J-CO America Corporation consolidated subsidiary of the Geico, their performances were significantly lower than planned and future economic benefits constituting goodwill which had been expected at the time of the acquisition of the shares of Geico were declined. For this reason, the Company will recognize an impairment loss on shares of Geico and as a result, the Company will recognize loss on valuation of shares of subsidiaries and associates of 2,788 million yen as an extraordinary loss.

Further, the amount of amortization of goodwill stated in "(2) One-time amortization of goodwill (Consolidated)" below will be the amount of effect on the consolidated financial statements because loss on valuation of shares of subsidiaries and associates in non-consolidated financial statements will be reversed in the consolidated financial statements.

#### **(2) One-time amortization of goodwill (Consolidated)**

Because impairment loss on the shares of Geico overseas consolidated subsidiary of the Company will be recognized in the non-consolidated financial statements as stated above, one-time amortization to unamortized balance of goodwill related to Geico of 1,859 million yen will be recognized as extraordinary loss in the consolidated financial statements in accordance with the provision of the "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (Accounting Practice Committee Statement No.7).

## 1. Revision of the earnings forecasts

### (1) Consolidated earnings forecasts for the second quarter of the fiscal year ending September 30, 2018 (April 1, 2018 through September 30, 2018)

	Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A) (Announced on May 15, 2018)	million yen 96,000	million yen 4,100	million yen 4,600	million yen 2,800	yen 81.98
Revised forecast (B)	98,000	3,400	3,900	800	23.48
Change in amount (B - A)	2,000	(700)	(700)	(2,000)	—
Percentage of change (%)	2.1	(17.1)	(15.2)	(71.4)	—
<Reference> Results for the same period of last year	101,078	3,195	3,577	2,287	66.88

### (2) Non-consolidated earnings forecasts for the second quarter of the fiscal year ending September 30, 2018 (April 1, 2018 through September 30, 2018)

	Sales	Ordinary income	Profit	Basic earnings per share
Previous forecast (A) (Announced on May 15, 2018)	million yen 55,000	million yen 4,200	million yen 2,900	yen 84.91
Revised forecast (B)	57,300	5,700	1,100	32.29
Change in amount (B - A)	2,300	1,500	(1,800)	—
Percentage of change (%)	4.2	35.7	(62.1)	—
<Reference> Results for the same period of last year	51,889	4,769	3,341	97.67

## 2. Reasons for the Revision

Regarding non-consolidated earnings forecasts for the second quarter of the fiscal year, sales is expected to increase because the volume of construction was higher than the forecasts at the beginning of the fiscal year. Though ordinary income are expected to increase as a result of focusing more on profitability in sales activities and cost reduction, profit is expected to be lower than the forecasts at the beginning of the fiscal year due to the recognition of extraordinary loss etc.

Regarding consolidated earnings forecasts for the second quarter of the fiscal year, sales is expected to increase because the volume of construction in Japan was higher than the forecasts at the beginning of the fiscal year. Operating income, ordinary income are expected to decrease due to deteriorating profitability of large-scale projects in overseas consolidated subsidiaries. Profit attributable to owners of parent is expected to be lower than the forecasts at the beginning of the fiscal year due to the recognition of extraordinary loss etc. same as non-consolidated earnings forecasts.

Regarding earning forecasts for full year of the fiscal year ending March 31, 2019, the Company will announce on the schedule date of disclosure of second quarter of the financial statements on November 12, 2018.

### (Note)

The above-mentioned earnings forecasts are based on information available as of the date of this announcement. Actual results may differ from the forecasts due to various factors.