ANNUAL REPORT 2008

April 2007 - March 2008

TAIKI-SHA

In a wider sense, we believe our customer is society as a whole.

The spirit behind placing the customer first is to ensure a continued trust between the customer and our company.

To build this trust, our Company and the individuals comprising our Company must place the highest priority on the benefit and happiness of others, follow the dictates of their conscience, and always, always do their best.

Our Corporate Principles and Vision

Management vision

To obey the letter and the spirit of the law, and to be an example of corporate transparency and high ethical standards as we engage appropriately in transactions based on fair and free competition, contributing to the benefit of our customers, business partners, shareholders, employees, the local community, and the global environment.

Business vision

- Continue to build a unique engineering business, meeting the needs of our customers.
- Preserve/improve customer asset value through a reliable after service business, treating customer property as we would treat our own property.
- Expand the scope of our global business, creating enterprise value in response to changes among our customers.

Contents

Forward-Looking Statements

Data and forward-looking projections disclosed herein are based on information and judgments available at the time of publication. Various factors may result in changes, and we cannot guarantee the achievement of goals, projections, and/or future earnings. The information herein may change without prior notice. Accordingly, when using this information/document, readers are encouraged to verify/confirm this and any other information or documents obtained through other means. Taikisha Ltd. cannot be held responsible for any damages incurred as a result of using this document.

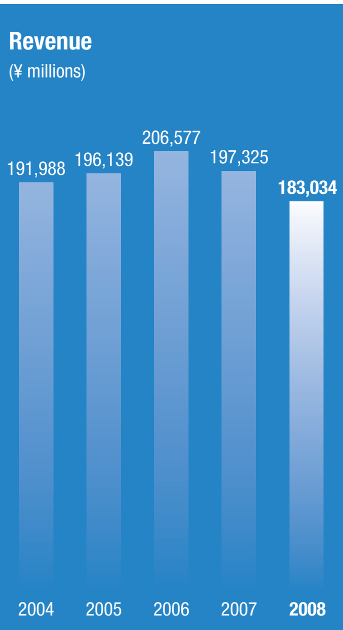
Financial Highlights

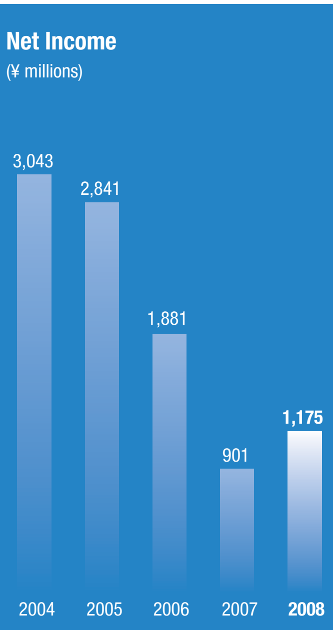
Taikisha Ltd. and Consolidated Subsidiaries

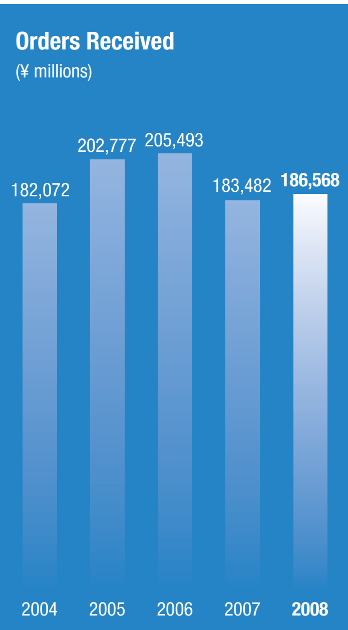
For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
For the year:			
Revenue	**¥ 183,034**	¥ 197,325	**$ 1,830,341**
Net income	**1,175**	901	**11,757**
Orders received	**186,568**	183,482	**1,865,685**
Orders carried over	**121,614**	115,158	**1,216,143**
At year-end:			
Total assets	**¥ 142,024**	¥ 171,741	**$ 1,420,241**
Total net assets	**67,379**	71,377	**673,796**
Per share data (¥ and $US):			
Net assets	**¥ 1,723.67**	¥ 1,845.87	**$ 17.24**
Net income	**31.97**	24.43	**0.32**
Cash dividends	**35.00**	30.00	**0.35**

Note: The U.S. dollar amounts are presented solely for convenience and are calculated at the rate of ¥100 to US$1, the approximate rate of exchange prevailing on March 31, 2008.







Note: Graphs in this annual report are based on fiscal years ended March 31.

To Our Stakeholders

Message from the President

Founded in 1913, Taikisha Ltd. ("the Company") observed our 95th anniversary on April 10, 2008.
I am truly grateful for the efforts and cooperation that made today possible.

The Business Environment and Overall Status of the Company

Looking at recent trends in the global economy, fears are rising about a worldwide economic slowdown triggered in part by the subprime loan problems in the United States. Domestically, Japan is experiencing severe economic conditions, including a strong yen, weak share prices, soaring raw materials and food prices, and a marked rise in oil costs. The construction and industrial facilities industries in Japan—said to be the core of the post-war national construction movement—have been steadily contracting. Given this difficult environment, and in order to accomplish our management policy of continuous growth and contribution to society, we have identified the implementation and acceleration of restructuring as a corporate issue.

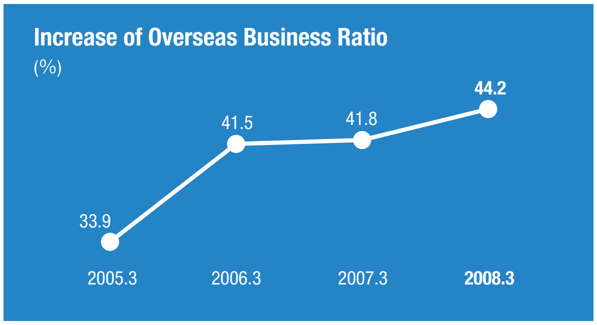
From a peak of more than ¥90 trillion in 1993, construction investment in Japan has continued to decline, recording slightly less than ¥48.6 trillion for 2007—an approximately 55% decline compared to 1993. Despite this decline, the number of firms in the construction and industrial facilities industries in Japan remains unchanged, creating a cutthroat market environment of excessive competition. Obviously, we do not believe such circumstances can continue for much longer.

In overseas markets, and particularly among Japan's manufacturers, companies are moving closer to the end consumer, relocating where high-caliber labor can be secured cheaply. We see this relocation trend not only for manufacturing facilities, but also for corporate research and development facilities, all of which means that we as a company must accelerate our own pace of global expansion. Globalization is an unavoidable fact of business if we are to be in a competitive position in the Japanese domestic market.
The ratio of our business overseas has continued to grow annually, and where we cannot expect significant growth in our domestic market, we must increase the overseas share of revenues to generate overall corporate growth. Our goal is to transition from a Japanese-centric Taikisha to a truly global Taikisha, in terms of both business operations and people.

Fortunately, the Company has particular strengths overseas, as well as a "Paint Finishing System" division that our domestic competitors have not yet established. Capitalizing on these strengths, we will actively plan overseas development in the future.

We have high expectations for the so-called BRICs countries (China, India, Russia, Central/South America, Southeast Asia), where major transformations are projected over the next several decades, as well as for the emerging VISTA countries (Vietnam, Indonesia, South Africa, Thailand and Argentina).

The Company is already engaged in quite a number of Paint Finishing System projects in these regions. We also project changes in our HVAC business, as research laboratories and factories are physically moving closer to their markets. We are looking forward to how these markets develop over the next years and decades. To the extent there are no significant bumps in the global economy for the foreseeable future, we have high expectations for growth overseas. We will be working to match the expectations our stakeholders have of Taikisha.

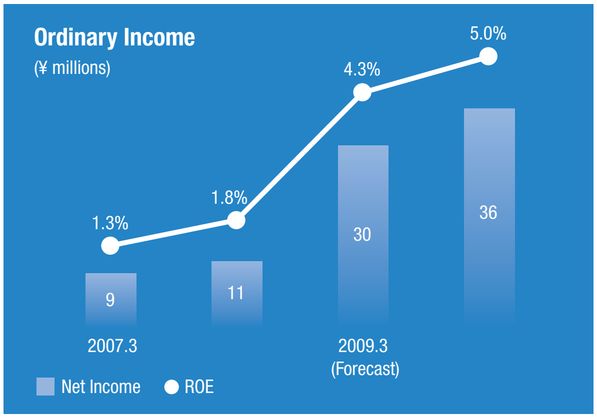


Mid-Term Business Plans

In November of last year, the Company announced its Mid-Term Business Plan and related numerical targets for FYE March 2008 through FYE March 2010 (see charts right). The first period of this plan, started in FYE March 2008, was a time in which we focused all of our efforts on solidifying our foundation. During this period, we will establish five-year and ten-year long-term policies beyond our Mid-Term Business Plan for the purpose of establishing our horizon and imparting vision to our stakeholders.

As long as there are no significant societal changes, I believe that the targets set in our mid-term plan to reach by March 2010 are achievable.

The social environment surrounding corporations will continue to become more demanding. For a company to continue to grow and create added value in this environment, we must be able to respond to change. One means to accomplish this is to expand into markets adjacent to our Green Technology System and Paint Finishing System divisions. Five years from now, during the year 2013, the Company will celebrate its 100th anniversary. We believe that the next five to ten years represent our second founding—our preparation for another 100 years in business. To accomplish this, we are launching a business development project, guided under a planning committee that will be created for that purpose.



Mid-Term Business Plans

(Units: ¥100 million)

	FYE March 2007 Actual	FYE March 2008 Forecast	FYE March 2009 Forecast	FYE March 2010 Forecast
Orders Received	1,834	1,760	1,800	1,820
Revenue	1,973	1,850	1,790	1,800
Operating Income	28	44	51	62
Ordinary Income	38	52	58	68
Net Income	9	12.5	30	36
ROE	1.30%	1.80%	4.30%	5.00%

Note: Figures in this chart are the estimation published in November 2007.

This will be our long-term business plan, forecasting future developments with the goal of generating business that will double our sales, resulting in a next-generation business model created by our next-generation employees.

August 2008

Yoshiro Nakaya
Representative Director and President

President Q&A

Visualizing, sharing the idea of reinvention

We discussed policies regarding the future and the creation of an ideal company with Taikisha president Mr. Yoshiro Nakaya

Forthright, steady management policies for a stronger corporate structure

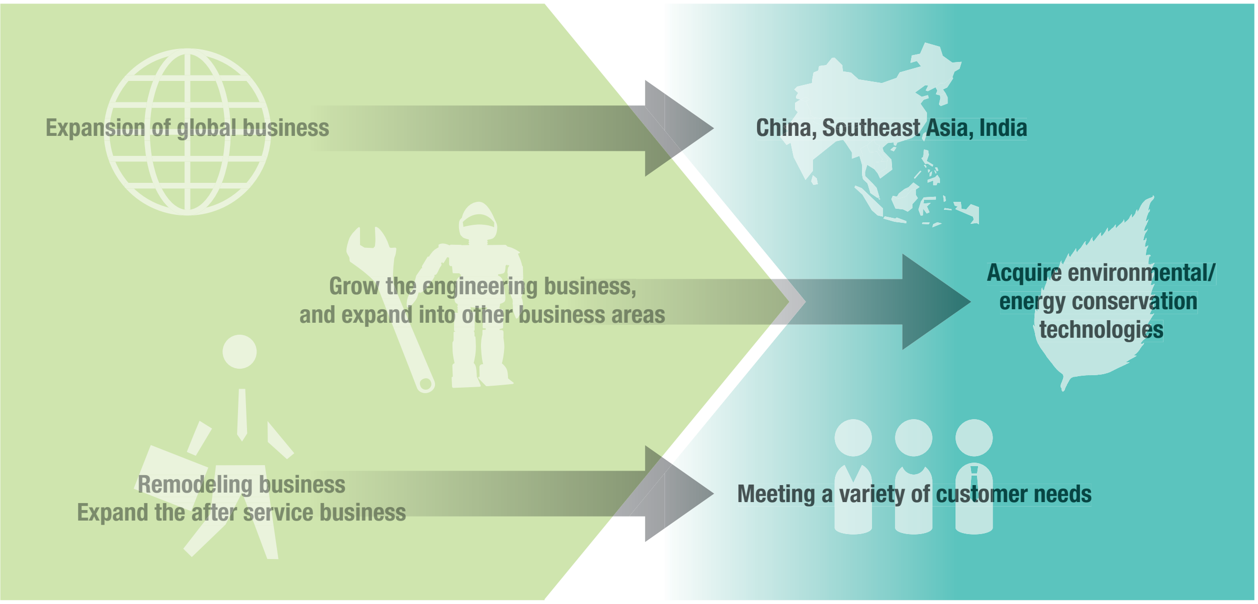
—What will the Company focus in this year?

I feel that we have been gradually building a foundation for strengthening our corporate structure. But I want to accelerate the pace during this period. The Company was released from assignment to the supervision post [of the stock exchange] in mid-April 2007. During fiscal 2007, we worked to recover, focusing our efforts on creating and implementing measures to prevent that situation from happening again. We strengthened our corporate governance system by adopting an executive officer system and revising our management council/board of directors. We also made progress in improving and offering greater visualizing for the framework in which our divisions operate. To achieve greater results, our companywide policies must be understood and embraced by every one of our employees. If we can achieve that, then employees will have a clear understanding of the goals at hand. I am dedicated to working with our employees to reach our goals, and I ask for their continued hard work, cooperation and support.

Sharing the vision of reinvention

—What is potential ability of the company?

Compared to other companies in our industry, we have led the way in global expansion, as well as in establishing a Paint Finishing System division focused on serving the automotive manufacturing industry. In addition, we have first-hand experience of the devastating nature of the “three evils” in the construction industry—kickbacks, bid collusion, and improper accounting. We understand the damage can occur, and we have overcome these issues. We have many employees who exemplify our corporate culture, having a certain earnestness and straightforward approach to their work. If our employees keep this idea of reinvention in mind, then I believe we will have the power to forge ahead. These factors are what I call our company’s



untapped potential. We cannot say that we will be fine five or ten years from now if we are doing things in the same way, and operating in the same businesses. Both divisions are experiencing severe profit pressures, particularly domestically. To achieve a continual pattern of profits, we have to continue to build added value recognized by the market every year.

Adopting flexible opinions; responding to change
—How does one go about creating added value?

This problem cuts to the value of a corporation's existence, and is an issue I don't see ever going away. What is added value that is recognized by the market? What we can say with certainty today is that we have not exhaustively addressed how we can contribute to our customers. Establishing policies for creating added value is an important initiative for our firm, and we must provide better visualizing of the work required to expand these policies.

Improving added value to ensure the survival of a corporation means enhancing the potential for our firm to exist 10 years from now. We need a new, bold growth strategy to keep from being buried by changes in the market—we have to be able to change in response. One means of accomplishing this is to expand into markets that are adjacent to our Green Technology and Paint Finishing businesses.

We need a mechanism for actively soliciting the opinions of our younger workers. Our project team focusing on how the Company should be structured 10 years from now should be comprised heavily of employees who are likely to still be with the Company in 10 years. I think having those members take the lead in guiding activities and making changes is the best-case scenario for the Company. Those people who won't be around that long—and I include myself in that number—should provide support to the project team as advisers. I want the Company to engage in new challenges, remaining proud of our tradition and brand, but not clinging to our current state.

August 2008

Taikisha at a Glance

Green Technology System Division

The Green Technology System Division consists of a Environmental Facility business and an Industrial Facility business focusing mainly on factory clean rooms. The Environmental Facility business proposes and builds systems across a wide variety of applications for the purpose of creating comfortable environmental spaces, placing the highest priority on the human experience. The Industrial Facility business develops and builds all manner of systems mainly clean room for advanced production and research facilities, including such leading-edge fields as semiconductors and biotechnology, both of which require highly clean environment.

During the fiscal year ended March 2008, the domestic construction market experienced a declining growth rate compared to the prior fiscal year. However, a high pace of private capital investment continued throughout. The Green Technology System Division has implemented a policy of avoiding orders for new building construction, due to the low-profit nature of these projects. Instead, the Division has focused most of its efforts on industrial HVAC related to building renovation and clean rooms, utilizing our technical capabilities to create new added value. Japanese companies are engaged in active capital investment in Thailand, China, and other countries in the region, and Taikisha has been working to expand our business lines in the HVAC field for these markets in Asia.

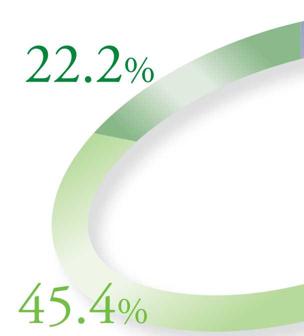
The Green Technology System Division will continue to operate in business areas that improve environmental value in the manufacturing and research fields across a variety of industries, as well as making positive contributions to the personal living environment, offering energy solutions services as core environmentally sensitive technologies. The Division will also continue to develop engineering services as a means for growing and creating various business lines.

While the domestic market has experienced a long-term decline in new construction investment, China, Southeast Asia, and other markets around the world are growing due to business globalization. The Green Technology System Division will continue its policy of emphasizing order profitability, while at the same time providing "visibility" regarding our design and construction processes, through which we will be able to strengthen our risk management capacity, as well as work toward even greater improvements in work productivity.


This photo is sponsored by The Airports of Thailand.

Earnings Overview

The Environmental Facility business of the Green Technology System Division earned ¥27.5 billion (a 4.8% year-on-year increase) mainly on the strength of renovation projects. Strength in Thailand, China, and other countries in the region pushed earnings for the industrial Facility business to ¥92.5 billion (3.4% year-on-year increase), for a division total of ¥120.0 billion (3.8% year-on-year increase), surpassing initial projections by ¥3.6 billion. The Division recorded Revenue of ¥123.6 billion (8.6% year-on-year decrease), mainly due to an intentional shift away from the Environmental Facility business pursuant to our policy of an emphasis on profitability.

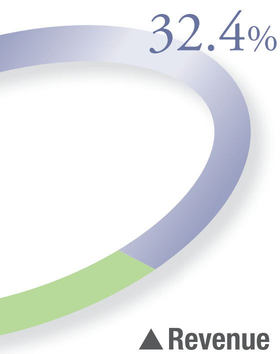


Paint Finishing System Division

In April 2007, Taikisha transitioned from a three-division organization (Environmental Facilities, Industrial Facilities, Metal Finishing) to a two-division structure (Green Technology System Division, Paint Finishing System Division), with each division providing high value-added engineering services.

▲ **Orders Received**
(2008.3)

- Environmental Facilities
- Industrial Facilities
- Paint Finishing System



▲ **Revenue**
(2008.3)

Earnings Overview

Domestically, Orders Received by the Paint Finishing System Division reached ¥18.8 billion (14.9% year-on-year increase), driven mainly by demand for upgrading aging facilities. Decreased investment overseas (mainly China and Korea) resulted in the division earning ¥47.6 billion in Orders Received (7.2% year-on-year decrease). The total for the division was ¥66.4 billion (1.9% year-on-year decrease), a ¥6.8 billion increase compared to the projected budget. Division Revenue amounted to ¥59.3 billion (4.2% year-on-year decrease), a development explained mainly by the fact that orders were concentrated in the second half of the fiscal year.

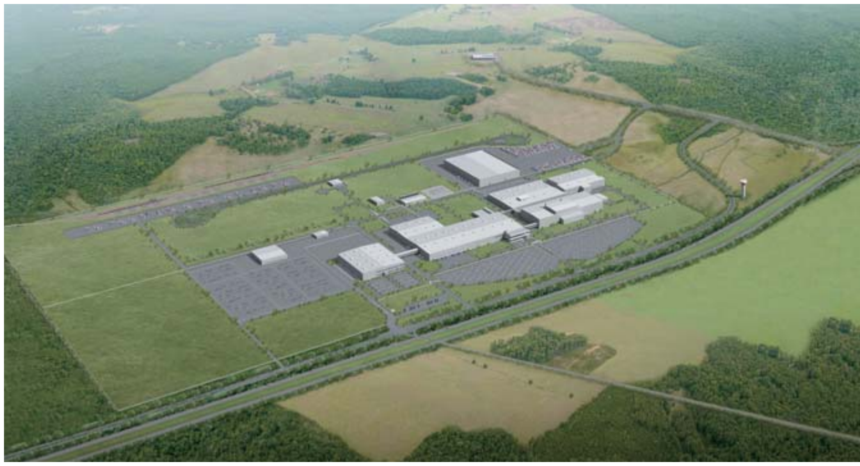
The painting plant business comprises the majority of the activity in the Paint Finishing System Division. The painting plant business has produced energy-efficient and environmentally friendly technologies to the marketing, continuously reinventing global painting technology. One of the first to the move to water-soluble paints, the Paint Finishing System Division designs and builds large-scale painting plants, mainly for the automotive industry.

The Paint Finishing System Division provides end-to-end solutions for painting plants, including paint finish quality improvements, as well as waste and spoilage countermeasures.The Paint Finishing System Division offers total systems solutions beyond the actual painting process, including robotics systems, paint circulation systems, conveyor systems, anti-pollution systems, and more. By addressing means at the design stage to control CO_2 and VOC output by a painting facility, we make a significant contribution to the preservation of the global environment. The major customer segment of this Division is the world's auto manufacturers. Japanese car makers, with their superior energy efficiency technologies, have continued to steadily build market share, and despite a sense of stagnation in the U.S. economy, the Paint Finishing System Division believes that we have stabilized divisional sales by focusing on the BRICs countries. The Division expects local auto makers in China and India will come into prominence, and we plan on capturing an increasing share of the market in these and other countries.

The Division has plans to make significant improvements in our engineering capabilities, actively working to expand into markets adjacent to the paint facilities field, including painting circulation systems, conveyor systems and more.

TOPICS Hyundai/Kia Motors

In September 2007, Taikisha received a painting plant construction order from Hyundai/Kia Motors, including a building in the state of Georgia in the United States. This project represents the first factory in the United States (and main factory for North America) under the Kia brand, and is expected to produce 240,000 cars annually using the latest environmental technologies and automated painting systems, including a water-soluble paint/recycled air system. Construction completion and delivery is scheduled for September 2009. The Paint Finishing System Division is working to continue to secure orders from major auto manufacturers overseas.



Corporate Social Responsibility

CSR Initiatives

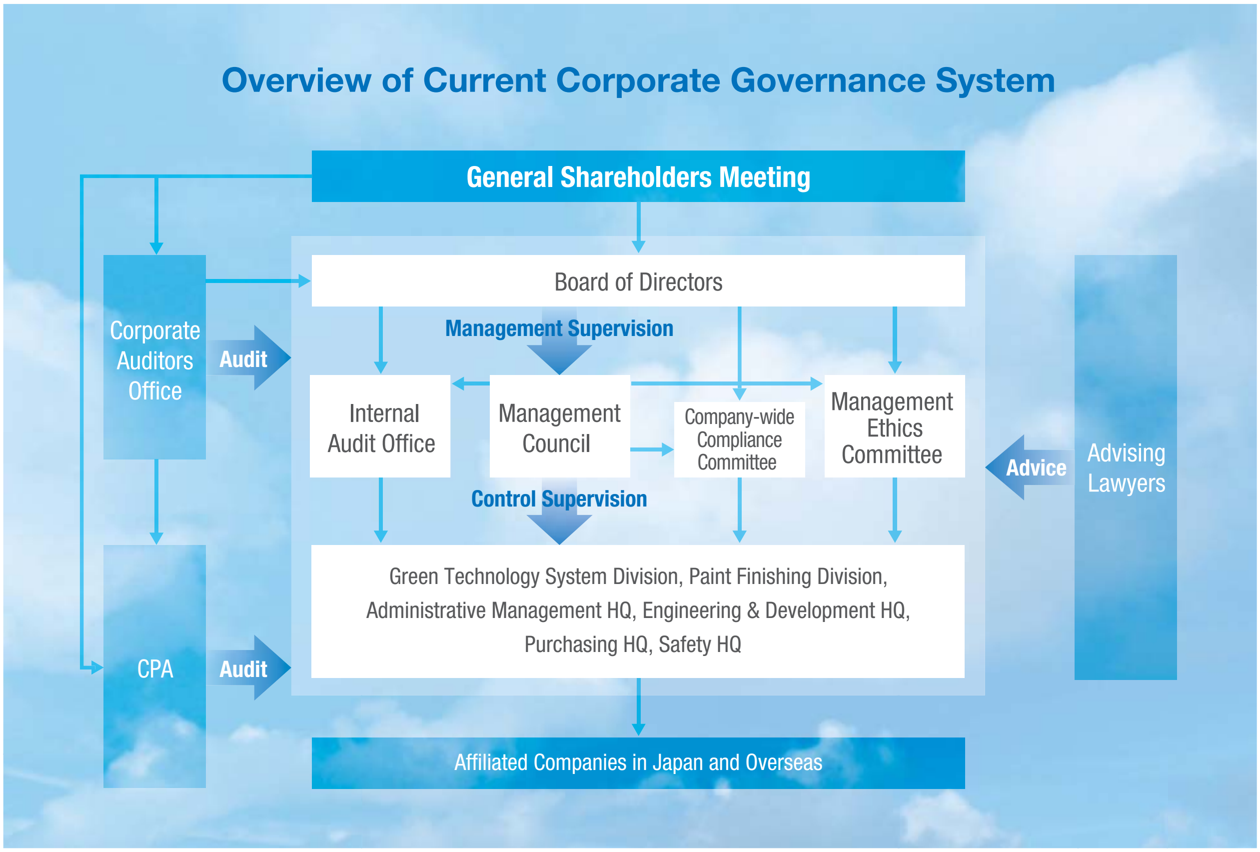
**Our goal at Taikisha is to be trusted as a "sincere company"
by our numerous stakeholders, including our employees, our customers and our business partners.**

Our Approach to CSR

In accordance with our corporate philosophy, Taikisha endeavors to "contribute to society," "secure the trust of our customers," and "obey the law." Taikisha pursues the corporate philosophy of "creating a company that achieves long-term growth and that contributes to society" and "creating an attractive company," striving to implement CSR activities that contribute to a sustainable society and global environment via environmental conservation through technology, returning benefits to shareholders and society through sound business activities, working toward the prosperity of our customers and business partners through continued growth, and creating an abundant lifestyle for our employees. As a corporate citizen, we are also engaged in fostering a company culture of high ethical standards, teaching and exemplifying obedience to the law, and working to always be a "sincere company" trusted by our stakeholders.

Corporate Governance

The Taikisha Group recognizes the importance of our numerous stakeholders, including our shareholders, employees, customers and business partners. The basic philosophy of our business is to engage continually in activities responding to the trust and expectations of all of our stakeholders through establishing a strong management framework. To this end, the Company is pursuing a long-term approach to securing improved earnings through greater management efficiencies, while at the same time increasing corporate value through compliance with legal statutes and the promotion of environmental activities, resulting in a corporate governance framework engendering a positive response by the greater society. We believe that the pursuit of these aims is a priority for company management.



Compliance Initiatives

In accordance with our corporate philosophy and the Taikisha Code of Conduct, Taikisha obeys any and all legal statutes related to our business, and strives to engage in fair, sound business activities. In addition, the Company has established a Corporate Compliance Committee, a Green Technology System Division Legal Compliance Committee, and a Compliance Department as other measures to ensure an awareness of laws and legal compliance throughout our entire organization.

"Continued Engagement in Compliance Research"

During fiscal 2007, the Company conducted compliance training. Over a total of 52 training events, the Company counted 1,115 participants. In general, these training sessions focused on the understanding and practice of legal obedience and compliance, conducted by expert lecturers. The Company will continue compliance training, extending the program to all employees, including employees at domestic subsidiaries.


T.Osuka


M.Nishimura


S.Kimura


T.Sakurai


Y.Nakaya


S.kamiyama


E.Uenishi


K.Hashimoto


T.Asahara

Representative Director and President
Yoshiro Nakaya

Senior Managing Directors
Toshihiko Osuka
Masaharu Nishimura

Managing Directors
Suguru Kimura
Takashi Sakurai
Satoru Kamiyama

Directors
Eitaro Uenishi
Kiyoshi Hashimoto
Takeshi Asahara

Statutory Corporate Auditors
Kazunari Motomatsu
Mitsuo Kobayashi

Corporate Auditors
Michinobu Yamachika
Shuuichi Murakami

(As of June 2008)

Corporate Social Responsibility

Environmental Initiatives

Since establishing the "Taikisha Environmental Charter" in 1996, Taikisha has been actively engaged in global environment conservation. Today environment issues have combined with energy issues to develop into a significantly more important, more pressing issue. The IPCC Fourth Assessment Report calls for a 50% to 80% reduction (compared to the year 2000) of CO_2 output by 2050. Taikisha has continued to engage in environmental preservation activities to reduce CO_2 output, treat waste gas, and instill an awareness and practice of 4R activities through our HVAC, Paint Finishing, and Green Technology businesses. It is our intent to make even greater contributions to our customers and society, working at higher levels than ever to improve the environment. Incorporating the spirit of "Pure & Fair" and "enhanced visualizing," the Company will disclose more about the details of such activities to educate the public about our environmental preservation initiatives, as well as receive public input regarding ways to introduce further improvements.

Environmental Charter

The global environment has rapidly deteriorated over the past several years, and the improvement of the environment is a global emergency that directly affects whether mankind will be able to enjoy the future. Taikisha believes that committing our resources to the demands of this age for "the creation of an environmentally compatible society" is aligned with the spirit of our corporate motto, and the Company has established Basic Environmental Policies and an Environmental Action Plan as follows:

Basic Environmental Policy

Taikisha is aware of its mission as a corporation engaged in environmentally related businesses, and endeavors to preserve the global environment. We will utilize systems design and construction technologies related to energy, air and water as a means to preserve the environment, engaging in the development of new technologies, and working to make such technologies easily available to society. We understand that the preservation of the global environment is an issue that recognizes no national borders, and we are dedicated to engaging in environmental preservation activities in cooperation with all of the Taikisha Group companies around the world.

Technologies Contributing to the Environment

Based on our environmental policies, Taikisha has implemented energy conservation design, an ESCO/energy conservation business model, and technologies for reducing the environmental burden.

Energy Conservation Design

Taikisha has implemented activities to quantify CO_2 generation with respect to energy conservation design. The design section serves as the main unit for generating/gathering ideas for energy conservation in our projects.

ESCO/ Energy Conservation Business Model

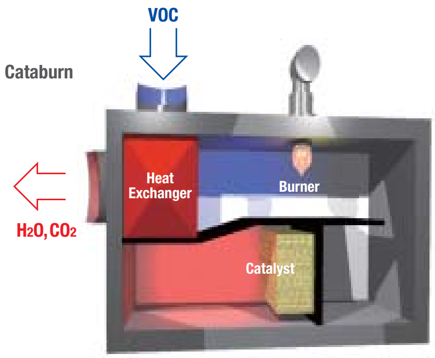
Taikisha has oriented our ESCO (Energy Service Company) and BEMS (Building Energy Management System) as solutions businesses for the building remodeling market. The Company believes these businesses will contribute to CO_2 reduction.

Related Technologies

Technologies for Reducing Environmental Burden

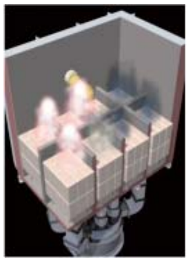
VOC Exhaust Gas Treatment Equipment

The Air Pollution Control Law underwent a revision in April 2006, incorporating regulations regarding VOC (Volatile Organic Compounds). However, Taikisha has already established a more than 40-year history of VOC processing and anti-effluvium technologies, establishing an enviable record of numerous deliveries both in Japan and overseas. Taikisha has contributed to energy conservation and environmental burden reduction through our air pollution control technologies.



Thermal Oxidizer

A thermal oxidizer is a device that oxidizes and detoxifies VOC and effluvium produced by industrial equipment. An energy-conserving Cataburn uses a catalyst to reduce the combustion temperature for some types of components to be processed.



Heat Exchanger Towers, Combustion Chamber

Rotary Section

Regenerative Thermal Oxidizer (RTO)

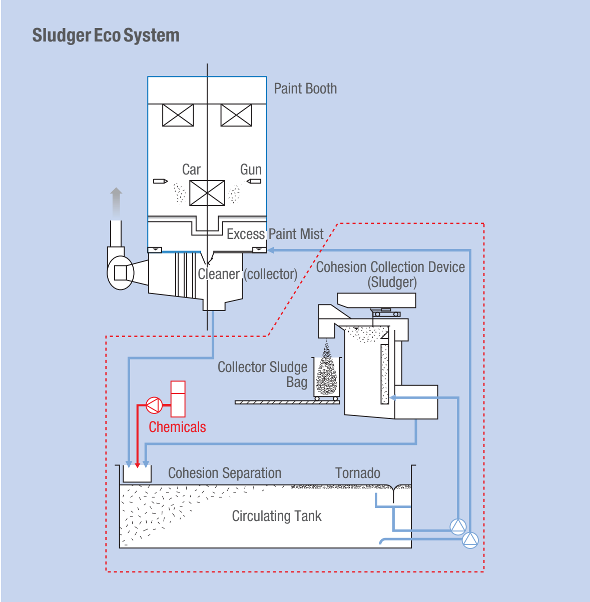
An energy-efficient waste gas processing device,.comprised of a thermal oxidizer filled with heat storing material as a heat exchanger. The device presents an energy-conscious waste gas processing method, utilizing a wide variety of heat-storing material, from low-density gas to high-density gas. By preheating processed gas using combustion heat, the device achieves a a high heat efficiency (95% temperature efficiency), contributing to a reduce in environmental burden. Multiple-tower devices (two-tower, three-tower) and/or rotary devices are available, tailored to the needs of the customer's production line.

Two-Tower RTO

Sludger ECO System for Paint Booths

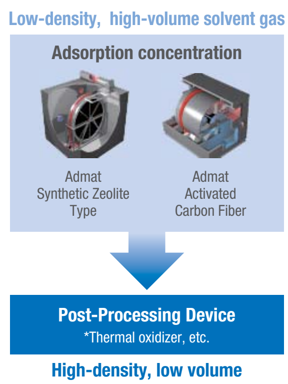
Currently, approximately 10 million cars are manufactured in Japan every year, with each chassis spray painted in a paint booth on the production line. Excess paint mist (paint sludge) that does not adhere to the auto body amounts to 16,000 tons every year in Japan alone. At present, this large volume of paint sludge is only chemically treated, subjected to non-adhesion/cohesion separation, and automatically recovered. However, environmental issues of odors, drainage water, and waste product remain.

The Sludger ECO System uses bio-chemicals to both chemically and biologically process paint sludge, improving treatability, and improving on the environmental shortcomings noted earlier.



Admat system

The “Admat system” is an efficient exhaust gas treatment system for volatile organic compounds (VOC) which are subject to emission control regulations under the Revised Air Pollution Control Law.
This system adsorbs and purifies VOC gas components produced by factories and other facilities, concentrating the adsorbed components as they are released into the atmosphere, detoxifying the components either through oxidative dissolution or recovery. The system is composed of a concentrator and a post-treatment device.
The concentrator adsorbs and concentrates high-volume, low-density VOC gases, transforming them into low-volume, high-density gases, allowing for the use of smaller post-treatment devices.
An oxidative dissolution device (regenerative combustion, catalytic combustion, thermal oxidation) or a solvent recovery device can be used for post-treatment, depending on the gas component in question and the processing objectives. An oxidative dissolution device can facilitate the construction of a more economic system based on the reduction of fuel consumption by spontaneous combustion, usage of waste heat, etc.
The “Admat System” not only presents benefits in terms of equipment investment and operation costs, but also contributes to energy conservation and environmental measures.




Admat system (Exernal view)

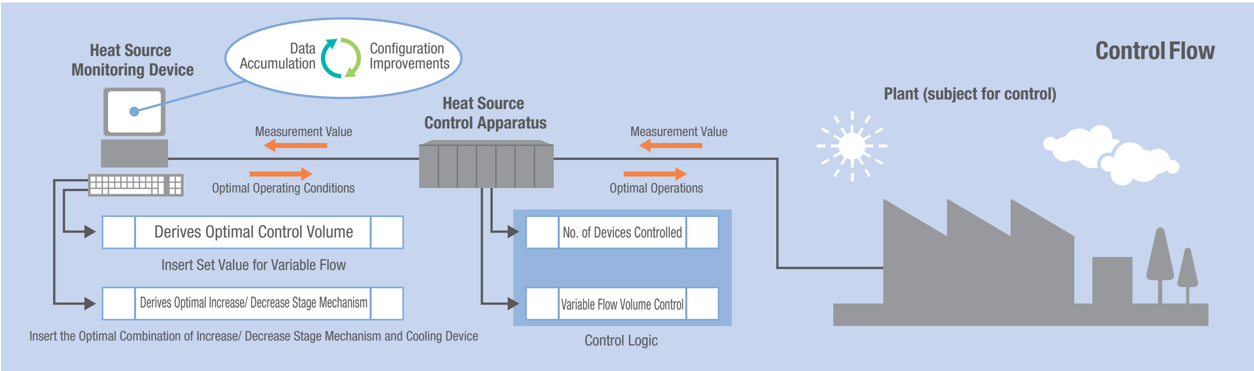
Heat Source Optimization Control System

Heat Source Simulator (HSSsim)

Taikisha has developed the “Heat Source Simulator (HSSsim)” as a design support tool for calculating the optimal composition and operating conditions for a heat source system. The simulator can also be utilized as a support tool to design optimal heat source operating conditions for equipment already in service.

Heat Source Optimization Control System (HSSsim-GPPECO)

The heat source system presents significant differences in energy conservation effects according to how the system is operated. Taikisha has developed a Heat Source Optimization Control System that can safely control energy-saving operations of equipment in actual use, based on optimal operating conditions calculated by the Heat Source Simulator. This Heat Source Optimization Control System maximizes the energy-saving effects of the heat source system, holds down running costs, and reduces the output of CO_2.
The system also automatically collects various types of measurement data, contributing to improved operations by providing visibility to operating statistics and energy-conservation effects.
The Taikisha Heat Source Optimization Control System is applicable not only to newly planned heat source systems, but also to the renovation of existing facilities.



Financial Section

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED FIVE-YEAR SUMMARY

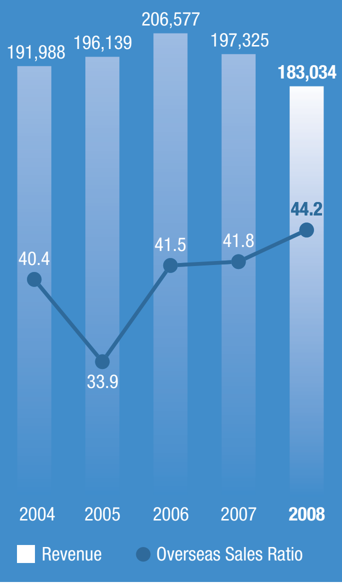
Taikisha Ltd. and its Consolidated Subsidiaries For the years ended March 31, 2004 to 2008

Millions of yen (except per share amounts)

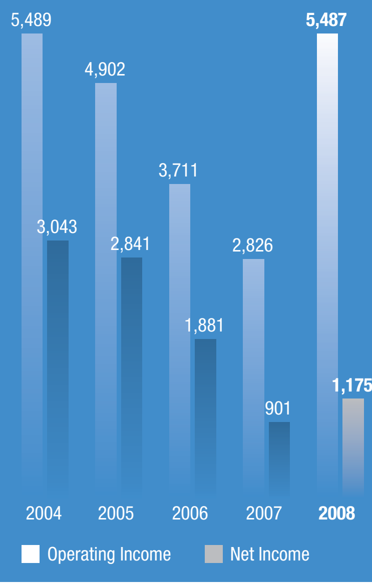
	2008	2007	2006	2005	2004
Orders received:	**¥ 186,568**	¥ 183,482	¥ 205,493	¥ 202,777	¥ 182,072
Environmental facilities	**27,517**	26,247	45,774	70,002	64,804
Industrial facilities	**92,566**	89,479	85,390	75,228	71,258
Paint finishing	**66,483**	67,755	74,329	57,546	46,009
Revenue:	**183,034**	197,325	206,577	196,139	191,988
Environmental facilities	**40,535**	40,120	52,659	72,251	62,579
Industrial facilities	**83,118**	95,206	86,605	72,005	68,143
Paint finishing	**59,380**	61,997	67,311	51,882	61,265
Net income	**1,175**	901	1,881	2,841	3,043
Total assets	**142,024**	171,741	167,379	148,930	147,455
Total net assets	**67,379**	71,377	68,029	63,406	59,575
Equity ratio (%)	**44.63**	39.53	40.64	42.57	40.40
Return on equity capital (%)	**1.79**	1.33	2.86	4.62	5.31
Net income per share	**31.97**	24.43	48.43	75.80	80.90
Cash dividends per share	**35.00**	30.00	30.00	30.00	25.00
Net assets per share	**¥ 1,723.67**	¥ 1,845.87	¥ 1,823.41	¥ 1,670.64	¥ 1,620.06
Review of the operations of the Company is shown below:					
Orders received:	**112,217**	112,143	139,374	149,108	144,226
Environmental facilities	**26,149**	25,529	43,640	68,911	63,386
Industrial facilities	**54,826**	59,528	55,572	52,550	52,146
Paint finishing	**31,241**	27,085	40,161	27,646	28,694
Revenue:	**115,475**	133,495	142,694	143,224	140,845
Environmental facilities	**39,199**	39,189	50,751	71,180	61,087
Industrial facilities	**47,707**	64,846	57,794	46,380	52,051
Paint Finishing	**28,567**	29,459	34,148	25,663	27,705

Notes: 1. Business divisions were reclassified in the fiscal year ended March 31, 2004. Results for the previous fiscal year have been restated accordingly to permit year-on-year comparison.
2. Figures for the past five years have been recalculated using the December 2006 report as a starting point to find inappropriate cost calculations (deferred construction costs and costs transferred to other sites).

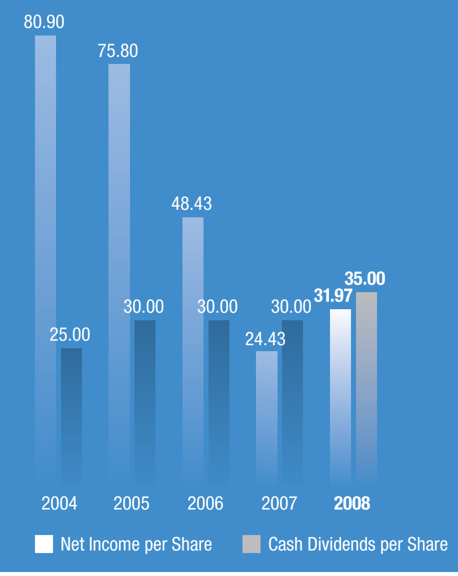
Revenue & Overseas Sales Ratio
(¥ millions, %)



Operating Income & Net Income
(¥ millions)



Net Income per Share & Cash Dividends per Share (¥)



Consolidated Subsidiaries

The Taikisha Group consists of Taikisha Co., Ltd. (the "Company"), 27 subsidiaries, and 4 affiliates. Taikisha and five subsidiaries are domiciled in Japan. A total of 22 subsidiaries and the 4 affiliates are domiciled overseas.

Fiscal 2007 Results

Earnings Overview

The growth rate of the domestic construction market during the current consolidated fiscal year experienced a decline compared to the prior period; however, high levels of private capital investment continued. The Green Technology System Division worked to reduce orders for low-yield new construction work, while utilizing its technological capabilities to focus on value-added building renewal, clean room, and other industrial facilities HVAC projects. Japanese companies have been actively engaged in capital investment in Thailand, China and other countries, and the Company has been actively involved in expanding operations in the industrial HVAC fields of these Asian markets.

With respect to the auto paint finishing facilities for automobile factories market, Japanese auto manufacturers continued to expand their worldwide share of the market, and were investing in new paint facilities. Meanwhile, locally capitalized automobile manufacturers in India and China continued to be active. The Paint Finishing System Division was busily working to find and cultivate new locally capitalized customers, while continuing to secure orders related to new paint facilities around the world from Japanese car makers.

As a result, consolidated orders received grew to ¥186,568 million, a 1.7% year-on-year increase. orders received recorded by the Green Technology System Division included ¥27,517 million (a 4.8% year-on-year increase), mainly due to building HVAC construction in building remodels, and ¥92,566 million in industrial HVAC construction spurred by strong activity in Thailand and China, amounting to a total of ¥120,084 million in revenues for the division (a 3.8% year-on-year increase).

Indicators of Taikisha's financial position are as follows:

(Years ended March 31)

	2008	2007	2006	2005	2004
Equity ratio (%)	**44.63**	39.53	40.64	42.57	40.40
Equity ratio on market value basis (%)	**30.84**	28.72	43.43	37.87	32.91
Debt to cash flow ratio (%)	**7.1**	–	–	70.8	–
Interest coverage ratio (Times)	**197.2**	–	–	47.8	–

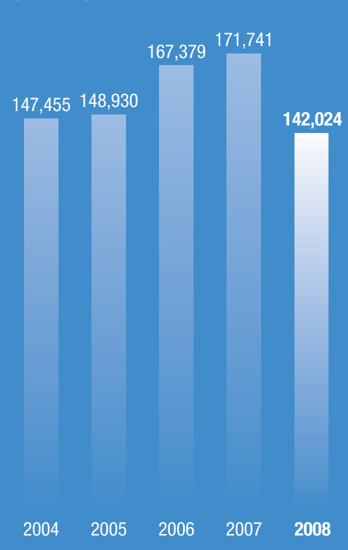
Notes: 1. All indicators are calculated using consolidated formulas according to the standards below:
*Equity ratio: Shareholders' equity and Revaluation and translation adjustments/Total assets
*Equity ratio on market value basis: Market capitalization/Total assets
*Debt to cash flow ratio: Interest-bearing debt/Operating cash flow
*Interest coverage ratio: Operating cash flow/Interest expenses

2. Market capitalization is calculated by multiplying the closing stock price on the balance sheet date by the number of outstanding shares (excluding treasury stock) at the balance sheet date.

3. For operating cash flow, the Company uses cash flow from operating activities in the consolidated statements of cash flows. Interest-bearing debt includes all debt recorded on the consolidated balance sheets on which the Company pays interest. For interest expenses, the Company uses the amount of interest expenses paid as shown on the consolidated statements of cash flows.

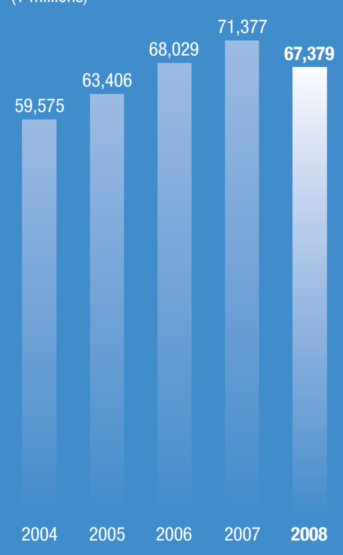
Total Assets

(¥ millions)



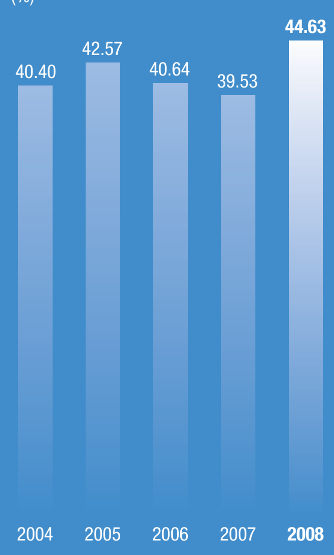
Total Net Assets

(¥ millions)



Equity Ratio

(%)



Orders received for the Paint Finishing System Division totaled ¥66,483 million (a 1.9% year-on-year decrease), consisting of ¥18,873 million in domestic market (a 14.9% year-on-year increase), driven by demand for replacing aging facilities, and ¥47,610 million (a 7.2% year-on-year decrease) in overseas market, affected by slowing investment in China and Korea.

Consolidated revenue was ¥183,034 million (a 7.2% year-on-year decrease). An emphasis on profitability led to a decrease in construction volume at the Green Technology System Division, which recorded revenue of ¥123,653 million (a 8.6% year-on-year decrease). Meanwhile, the Paint Finishing System Division recorded revenue of ¥59,380 million (a 4.2% year-on-year decrease), affected mainly by a concentration of orders in the second half of the fiscal year. (See the table below for more detail regarding orders received and revenue.)

While revenue for the current consolidated fiscal year decreased by ¥14,291 million compared to the prior period, cost of sales experienced a significant year-on-year comparative decrease of ¥18,230 million, resulting in a ¥3,939 million increase in gross profit to ¥20,497 million. This is the result of continuing efforts to avoid unprofitable construction orders for the past several years, as well as the impact of intentional cost reduction activities. A gross profit ratio of 11.2% for the current consolidated fiscal year represents a 2.8-point improvement over the prior fiscal year.

Selling, general and administrative expenses totaled ¥15,010 million—a ¥1,278 million increase over the prior fiscal year, mainly due to costs incurred for preparing an internal controls reporting system, IT investment in improved business processes, and increases in human resource development expenses.

As a result, operating income for the current consolidated fiscal year amounted to a year-on-year increase of ¥2,661 million, totaling ¥5,487 million.

Cash Flows

Cash flows from operating activities during the current consolidated fiscal period increased by ¥24,584 million; however, cash flows from investing activities and cash flows from financing activities decreased ¥643 million and ¥8,497 million, respectively. As a result, the ending balance of cash and cash equivalents for the current consolidated fiscal year increased by ¥15,239 million over the prior period, amounting to ¥31,937 million.

The primary reason of the increase in cash flows from operating activities for the current consolidated fiscal year was a decrease in notes and accounts receivable-trade of ¥22,916 million, a decrease in inventories of ¥9,253 million, and income before income taxes and minority interests of ¥6,001 million.

The primary reason reducing cash and cash equivalents was a decrease in notes and accounts payable-trade of ¥16,288 million.

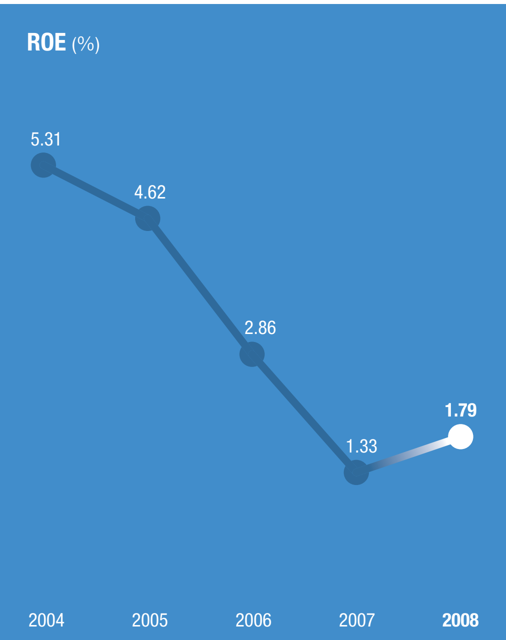
The decrease in cash flows from investing activities was primarily due to an increase in time deposits of ¥2,091 million, and purchase of tangible and intangible assets totaling ¥1,744 million. Proceeds from sale of investments in securities of ¥1,861 million and the maturity of time deposits in the amount of ¥1,800 million were the main sources of increased cash.

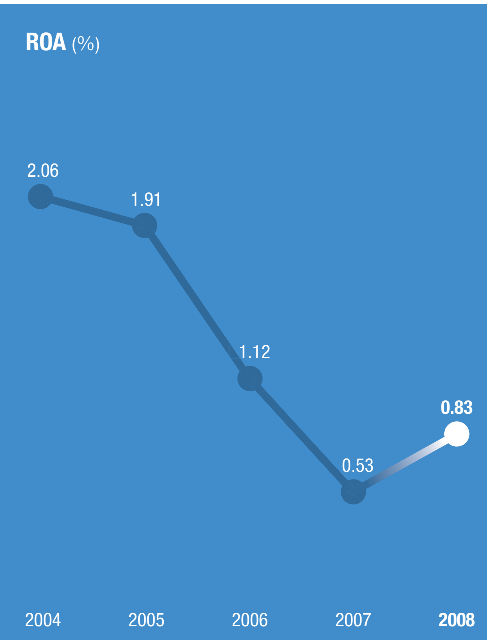
The primary reason of the decrease of cash flows from financing activities was a repayment of short-term loans and long-term debt in the amount of ¥6,784 million and cash dividends paid of ¥1,711 million.

■ Financial Condition

Assets

As of March 31, 2008, total assets decreased ¥29,717 million from prior year to ¥142,024 million. A principal factor was an decrease in notes and accounts receivable, etc. under current assets to ¥48,736 million.





Liabilities
As of March 31, 2008, total liabilities decreased ¥25,719 million from prior year to ¥74,644 million. Principal factors decrease an decrease in notes and accounts payable-trade.

Net Assets
As of March 31, 2008, total net assets totaled ¥67,379 million. Minority interests increased ¥498 million from prior year to ¥3,987 million.

■ Risk Factor
The following Taikisha Group issues have the potential to significantly affect investor decisions. Note that the items below include forward-looking statements. Such statements are judgments by management as of March 31, 2008.

Seasonal Fluctuation in Business Results
In accounting for completed contracts, the Taikisha Group uses the completed-contract method in Japan and primarily uses the percentage-of-completion method overseas. Completion of construction contracts in Japan is concentrated in the second half of the fiscal year, and consequently, the level of completed contracts and profits in the first half tends to be considerably lower than in the second half.

Construction Defect Liability
The Taikisha Group concludes warranty contracts with customers guaranteeing construction against defects for a fixed period of time after completion of construction. The Taikisha Group provides for a reserve for warranty costs for completed works to cover repair costs in connection with these warranties, based on past experience. However, these repair costs could potentially exceed the balance of the reserve.

Overseas Business Risk
Unforeseen laws and regulations, political instability, economic fluctuations and other factors in the countries where the Taikisha Group operates overseas could affect business results. For contract payments received and billings for orders received paid in connection with foreign currency-denominated contracts, the Taikisha Group uses forward foreign exchange contracts and other instruments to hedge currency risk to the maximum extent possible. However, exchange rate fluctuations could expose the Taikisha Group to currency risk. In addition, because the financial statements of consolidated overseas subsidiaries are translated into Japanese yen in preparing the consolidated financial statements, exchange rates could affect the Taikisha Group's business results.

Accounts Receivable Collection Risk
The Taikisha Group comprehensively manages customer credit. However, construction billings may become uncollectible due to factors such as customer insolvency, which could affect Taikisha's business results.

Below-Cost Orders Due to Price Competition
Competition for orders is intense in the construction contracting business, which creates the possibility that orders received might sometimes be below cost. In such cases, the Taikisha Group works to reduce costs to minimize the impact on profits. However, reduction of profits due to below-cost orders could affect the Taikisha Group's business results.

Changes in Material Prices
A sharp rise in material prices when the Taikisha Group procures construction and other materials could affect business results if the Taikisha Group is unable to reflect the higher prices in the value of orders received.

Changes in Private Capital Investment
Continued strong capital investment among automobile manufacturers and IT-related companies, which are major Taikisha Group customers, has resulted in increases in orders received by the Taikisha Group. However, a rapid drop in private capital investment in the future could affect business results.

Asset Ownership Risk
The Taikisha Group owns property, securities and other assets related to its business activities, and changes in the market value of these assets could affect business results.

Disasters and Accidents
Losses that occur due to unforeseen events such as natural disasters or accidents could affect business results.

Legal Risk
The Company is working in concert to ensure assiduous management of legal and regulatory compliance. However, any violation of laws or regulations by a director or employee of Taikisha could lead to results such as restrictions on the Taikisha Group's business activities, increased costs or reduced revenues, which could affect business results.

Submission of Revised Reports for Prior-Year Settlements
On April 27, 2007, the Company submitted an improvement report to the Tokyo Stock Exchange, Inc. related to revisions of prior-year financial statements performed on February 2 of the same year. Subsequently, the entire Taikisha Group engaged in measures to prevent the reoccurrence of improper cost accounting as noted in the improvement report. On October 29 of the same year, the Company submitted an improvement status report detailing improvement matters engaged over the prior six months to the Tokyo Stock Exchange, Inc. The Company continues the pursuit of these measures.

The Company continues to be active in instilling the recently implemented improvement measures; however, there is a possibility that insufficient response could affect the operating results of the Taikisha Group.

CONSOLIDATED BALANCE SHEETS

Taikisha Ltd. and its Consolidated Subsidiaries

As at March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
Assets	**2008**	2007	**2008**
Current assets:			
Cash in hand and at bank (Notes 3 and 8)	**¥ 34,029**	¥ 18,499	**$ 340,294**
Notes and accounts receivable — trade (Note 4)	**48,736**	71,505	**487,367**
Allowance for doubtful accounts	**(673)**	(274)	**(6,733)**
Inventories (Note 7)	**21,146**	30,368	**211,464**
Deferred tax assets (Note 14)	**1,560**	2,486	**15,604**
Accounts due from joint venture partners, etc	**1,906**	5,873	**19,062**
Other current assets	**4,074**	3,965	**40,743**
Total current assets	**110,780**	132,424	**1,107,802**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	**330**	259	**3,307**
Investments in securities (Notes 5 and 8)	**19,167**	27,759	**191,672**
Deferred tax assets (Note 14)	**511**	505	**5,112**
Other	**4,169**	3,679	**41,690**
Allowance for doubtful accounts	**(232)**	(171)	**(2,324)**
Total investments and other assets	**23,945**	32,033	**239,459**
Property, plant and equipment — at cost:			
Land	**3,043**	3,029	**30,436**
Buildings and structures	**7,824**	7,714	**78,248**
Machinery, equipment, cars, tools, furniture and fixtures	**4,979**	5,172	**49,795**
Other	**284**	230	**2,848**
	16,132	16,146	**161,328**
Accumulated depreciation	**(8,834)**	(8,862)	**(88,348)**
Net property, plant and equipment	**7,298**	7,283	**72,980**
Total assets	**¥ 142,024**	¥ 171,741	**$ 1,420,241**

The accompanying notes are an integral part of these financial statements.

Liabilities and Net Assets	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
Current liabilities:			
Short-term loans (Note 9)	**¥ 1,475**	¥ 8,182	**$ 14,756**
Current portion of long-term debt (Note 9)	**132**	299	**1,328**
Notes and accounts payable — trade (Note 4)	**45,213**	60,920	**452,139**
Advances received on uncompleted contracts	**13,429**	12,337	**134,297**
Income taxes payable	**458**	1,119	**4,588**
Deferred tax liabilities (Note 14)	**14**	14	**140**
Reserve for warranty costs for completed works	**694**	438	**6,945**
Allowance for losses on construction contracts	**713**	1,195	**7,130**
Allowance for directors' bonuses	**40**	30	**408**
Other current liabilities (Note 4)	**4,654**	6,436	**46,542**
Total current liabilities	**66,827**	90,976	**668,277**
Long-term debt, less current portion (Note 9)	**141**	95	**1,416**
Accrued retirement benefits (Note 10)	**3,617**	4,093	**36,172**
Accrued severance benefits to directors and statutory auditors	**588**	645	**5,885**
Deferred tax liabilities (Note 14)	**3,407**	4,481	**34,074**
Other non-current liabilities	**61**	71	**618**
Total liabilities	**74,644**	100,363	**746,445**
Net assets:			
Shareholders' equity (Notes 15 and 19):			
Common stock			
Authorized: 100,000,000 shares			
Issued: 37,982,009 shares	**¥ 6,455**	¥ 6,455	**$ 64,551**
Capital surplus	**7,716**	7,716	**77,168**
Retained earnings	**46,078**	46,326	**460,788**
Treasury stock, at cost — 1,204,766 shares	**(1,919)**	(1,917)	**(19,198)**
Total shareholders' equity	**58,331**	58,580	**583,310**
Revaluation and translation adjustments:			
Net unrealized gains on securities	**5,038**	9,406	**50,383**
Unrealized gain (loss) on deferred hedges	**(8)**	(3)	**(85)**
Foreign currency translation adjustments	**30**	(94)	**308**
Total revaluation and translation adjustments	**5,060**	9,308	**50,607**
Minority interests	**3,987**	3,489	**39,878**
Total net assets	**67,379**	71,377	**673,796**
Total liabilities and net assets	**¥ 142,024**	¥ 171,741	**$ 1,420,241**

	Yen 2008	Yen 2007	U.S. dollars 2008
Per share data (Note 15):			
Net assets	**¥ 1,723.67**	¥ 1,845.87	**$ 17.24**
Basis of calculation	Millions of yen		
Total net assets	**¥67,379**	¥ 71,377	
Amount to be deducted	**3,987**	3,489	
(Minority interests)	**(3,987)**	(3,489)	
Net assets corresponding to common stock	**63,391**	67,888	
Number of shares of common stock as of the year-end (thousands)	**36,777**	36,778	

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Taikisha Ltd. and its Consolidated Subsidiaries

For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Revenue	**¥ 183,034**	¥197,325	**$ 1,830,341**
Cost of sales	**162,536**	180,766	**1,625,367**
Gross profit	**20,497**	16,558	**204,974**
Selling, general and administrative expenses (Note 13)	**15,010**	13,732	**150,103**
Operating income	**5,487**	2,826	**54,870**
Other income (expenses):			
Interest and dividend income	**798**	733	**7,986**
Interest expense	**(128)**	(127)	**(1,284)**
Insurance premium refunds	**153**	149	**1,539**
Lease income on real estate	**143**	157	**1,438**
Leasing cost of real estate	**(131)**	(128)	**(1,315)**
Gain on sale of tangible and intangible assets (Note 11)	**84**	1,321	**843**
Loss on disposal of tangible and intangible assets (Note 11)	**(111)**	(351)	**(1,119)**
Loss on valuation of investment securities	**(521)**	(4)	**(5,213)**
Equity in earnings of affiliates	**128**	111	**1,284**
Provision for prior year retirement benefits	**—**	(483)	**—**
Reversal of allowance for doubtful accounts	**8**	106	**87**
Other income	**196**	323	**1,960**
Other expense	**(106)**	(144)	**(1,064)**
	514	1,662	**5,143**
Income before income taxes and minority interests	**6,001**	4,488	**60,014**
Income taxes (Note 14):			
Current	**1,269**	2,837	**12,696**
Deferred	**2,776**	(3)	**27,763**
Minority interests in subsidiaries	**(779)**	(752)	**(7,796)**
Net income	**¥ 1,175**	¥ 901	**$ 11,757**

	Yen		U.S. dollars
Per share data (Note 15):			
Net income	**¥ 31.97**	¥ 24.43	**$ 0.32**
Basis of calculation	Millions of yen		
Net income	**¥ 1,175**	¥ 901	
Net income available to common stockholders	**1,175**	901	
Average number of shares of common stock (thousands)	**36,777**	36,906	
Cash dividends	**¥ 35.00**	¥ 30.00	**$ 0.35**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Taikisha Ltd. and its Consolidated Subsidiaries

For the year ended March 31, 2007

Millions of yen

	Shareholders' equity					Revaluation and translation adjustments			
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on securities	Unrealized gain (loss) on deferred hedges	Foreign currency translation adjustments	Minority interests
Balance at March 31, 2006	¥ 6,455	¥ 7,716	¥ 46,568	¥ (1,212)	¥ 59,528	¥ 9,487	¥ —	¥ (986)	¥ 2,816
Changes during the period									
Cash dividends			(1,114)		(1,114)				
Directors' bonuses			(50)		(50)				
Net income for the year			901		901				
Repurchase of treasury stock				(705)	(705)				
Issuance of treasury stock		(0)		0	0				
Increase of retained earnings due to the increase in the number of affiliates subject to the equity method			58		58				
Reserve for staff incentives and welfare funds by foreign subsidiaries			(24)		(24)				
Tax payment due to dividends paid by foreign subsidiaries			(13)		(13)				
Items other than changes in shareholders' equity						(81)	(3)	891	672
Total amounts of changes	—	(0)	(242)	(705)	(947)	(81)	(3)	891	672
Balance at March 31, 2007	¥ 6,455	¥ 7,716	¥ 46,326	¥ (1,917)	¥ 58,580	¥ 9,406	¥ (3)	¥ (94)	¥ 3,489

Taikisha Ltd. and its Consolidated Subsidiaries

For the year ended March 31, 2008

Millions of yen

	Shareholders' equity					Revaluation and translation adjustments			
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on securities	Unrealized gain (loss) on deferred hedges	Foreign currency translation adjustments	Minority interests
Balance at March 31, 2007	¥ 6,455	¥ 7,716	¥ 46,326	¥ (1,917)	¥ 58,580	¥ 9,406	¥ (3)	¥ (94)	¥ 3,489
Changes during the period									
Cash dividends			**(1,379)**		**(1,379)**				
Net income for the year			**1,175**		**1,175**				
Repurchase of treasury stock				**(2)**	**(2)**				
Issuance of treasury stock		**(0)**		**0**	**0**				
Reserve for staff incentives and welfare funds by foreign subsidiaries			**(24)**		**(24)**				
Tax payment due to dividends paid by foreign subsidiaries			**(19)**		**(19)**				
Items other than changes in shareholders' equity						**(4,367)**	**(5)**	**125**	**498**
Total amounts of changes	**—**	**(0)**	**(247)**	**(2)**	**(249)**	**(4,367)**	**(5)**	**125**	**498**
Balance at March 31, 2008	**¥ 6,455**	**¥ 7,716**	**¥ 46,078**	**¥ (1,919)**	**¥ 58,331**	**¥ 5,038**	**¥(8)**	**¥ 30**	**¥ 3,987**

Thousands of U.S. dollars

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on securities	Unrealized gain (loss) on deferred hedges	Foreign currency translation adjustments	Minority interests
Balance at March 31, 2007	$ 64,551	$ 77,168	$ 463,263	$ (19,177)	$ 585,805	$ 94,061	$ (32)	$ (947)	$ 34,891
Changes during the period									
Cash dividends			**(13,791)**		**(13,791)**				
Net income for the year			**11,757**		**11,757**				
Repurchase of treasury stock				**(23)**	**(23)**				
Issuance of treasury stock		**(0)**		**2**	**2**				
Reserve for staff incentives and welfare funds by foreign subsidiaries			**(247)**		**(247)**				
Tax payment due to dividends paid by foreign subsidiaries			**(192)**		**(192)**				
Items other than changes in shareholders' equity						**(43,677)**	**(52)**	**1,255**	**4,987**
Total amounts of changes	**—**	**(0)**	**(2,474)**	**(20)**	**(2,495)**	**(43,677)**	**(52)**	**1,255**	**4,987**
Balance at March 31, 2008	**$ 64,551**	**$ 77,168**	**$ 460,788**	**$ (19,198)**	**$ 583,310**	**$ 50,383**	**$ (85)**	**$ 308**	**$ 39,878**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Taikisha Ltd. and its Consolidated Subsidiaries

For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 6,001**	¥ 4,488	**$ 60,014**
Adjustments for:			
Depreciation and amortization	**1,009**	805	**10,096**
Increase in allowance for doubtful accounts	**438**	9	**4,389**
Increase (decrease) in accrued retirement benefits	**(542)**	973	**(5,422)**
Increase (decrease) in accrued severance benefits to directors and statutory auditors	**(56)**	38	**(569)**
Increase (decrease) in allowance for losses on construction contracts	**(554)**	614	**(5,545)**
Increase in reserve for warranty costs for completed works	**191**	212	**1,914**
Interest and dividend income	**(798)**	(733)	**(7,986)**
Interest expense	**128**	127	**1,284**
Equity in earnings of affiliates	**(128)**	(111)	**(1,284)**
Gain on sale of investments in securities	**(61)**	(95)	**(618)**
Gain on sale of tangible and intangible assets	**(84)**	(1,321)	**(843)**
Loss on disposal of tangible and intangible assets	**111**	351	**1,119**
Loss on revaluation of investments in securities	**521**	4	**5,213**
Write-down of golf club memberships and other	**17**	25	**179**
Decrease in notes and accounts receivable — trade	**22,916**	3,761	**229,162**
Decrease in inventories	**9,253**	1,023	**92,536**
Decrease (increase) in accounts due from joint venture partners, etc	**3,965**	(4,887)	**39,656**
Decrease (increase) in notes receivable — other	**(0)**	81	**(3)**
Decrease in accounts receivable — other	**259**	120	**2,591**
Decrease in notes and accounts payable — trade	**(16,288)**	(5,608)	**(162,889)**
Increase in advances received on uncompleted contracts	**1,241**	183	**12,414**
Increase (decrease) in notes payable — other	**(1,132)**	1,114	**(11,323)**
Increase in accrued consumption taxes	**147**	386	**1,474**
Increase (decrease) in deposits received	**(1,012)**	460	**(10,126)**
Increase (decrease) in accrued expenses	**494**	(293)	**4,940**
Other	**(214)**	(276)	**(2,149)**
Sub total	**25,822**	1,455	**258,225**
Interest and dividend income received	**790**	736	**7,905**
Interest expense paid	**(124)**	(130)	**(1,246)**
Income taxes paid	**(2,913)**	(2,758)	**(29,131)**
Income taxes refund	**1,008**	—	**10,088**
Net cash used in operating activities	**24,584**	(696)	**245,841**
Cash flows from investing activities:			
Increase in time deposits	**(2,091)**	(1,800)	**(20,916)**
Maturity of time deposits	**1,800**	209	**18,008**
Purchase of tangible and intangible assets	**(1,744)**	(1,216)	**(17,448)**
Proceeds from sale of tangible and intangible assets	**159**	1,839	**1,599**
Purchase of investments in securities	**(996)**	(1,244)	**(9,968)**
Proceeds from sale of investments in securities	**1,861**	652	**18,610**
Increase in long-term loans receivable	**(29)**	(335)	**(297)**
Proceeds from collections of long-term loans receivable	**305**	27	**3,056**
Contribution to insurance reserve fund	**(6)**	(9)	**(67)**
Withdrawals from insurance reserve fund	**110**	236	**1,109**
Other	**(11)**	(241)	**(119)**
Net cash provided by (used in) investing activities	**(643)**	(1,882)	**(6,431)**
Cash flows from financing activities:			
Increase (decrease) in short-term loans, net	**(6,664)**	4,419	**(66,641)**
Proceeds from long-term debt	**200**	—	**2,000**
Repayment of long-term debt	**(320)**	(317)	**(3,201)**
Repurchase of treasury stock	**(2)**	(705)	**(23)**
Issuance of treasury stock	**0**	0	**2**
Cash dividends paid	**(1,379)**	(1,114)	**(13,791)**
Cash dividends paid to minority interests	**(331)**	(335)	**(3,319)**
Net cash provided by (used in) financing activities	**(8,497)**	1,946	**(84,975)**
Effect of exchange rate changes on cash and cash equivalents	**(204)**	426	**(2,041)**
Net increase (decrease) in cash and cash equivalents	**15,239**	(206)	**152,392**
Cash and cash equivalents at beginning of year	**16,698**	16,904	**166,985**
Cash and cash equivalents at end of year (Note 3)	**¥ 31,937**	¥ 16,698	**$ 319,377**

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Taikisha Ltd. and its Consolidated Subsidiaries

For the years ended March 31, 2008 and 2007

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Taikisha Ltd. (the "Company") and its consolidated subsidiaries (collectively the "Companies") are prepared from the consolidated financial statements which have been filed with the Director of Kanto Finance Bureau as required by the Financial Instruments and Exchange Act in Japan, and are prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. In preparing these consolidated financial statements, however, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, the accompanying notes include certain information which is not required under generally accepted accounting principles in Japan but which is presented herein as additional information.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than Japan.

The U.S. dollar amounts included herein are presented solely for the convenience of the reader and are calculated at the approximate rate of exchange prevailing at March 31, 2008 of ¥100 to US$1. The U.S. dollar amounts should not be construed as a representation that Japanese yen have been, or could be converted into U.S. dollars at the prevailing rate.

2. Summary of significant accounting policies

(1) Basis of consolidation

The consolidated financial statements include the accounts of Taikisha Ltd. and all significant subsidiaries listed below:

Foreign subsidiaries

TKS Industrial Company
Taikisha Canada Inc. (subsidiary of TKS Industrial Company)
Taikisha de Mexico, S.A. de C.V. (subsidiary of TKS Industrial Company)
Taikisha do Brasil Ltda. (subsidiary of TKS Industrial Company)
Taikisha (Singapore) Pte. Ltd.
Taikisha (Thailand) Co., Ltd.
Taikisha Trading (Thailand) Co., Ltd.
(subsidiary of Taikisha (Thailand) Co., Ltd.)
Thaiken Maintenance & Service Co., Ltd.
(subsidiary of Taikisha (Thailand) Co., Ltd.)
Token Interior & Design Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)
TKA Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)
Taikisha Engineering (M) Sdn. Bhd.
P.T. Taikisha Indonesia Engineering
P.T. Taikisha Manufacturing Indonesia
Taikisha Philippines Inc.
Taikisha Vietnam Engineering Inc.
Wuzhou Taikisha Engineering Co., Ltd.
Taikisha Hong Kong Limited
Taikisha (Taiwan) Ltd.
Taikisha Korea Ltd.
Taikisha Europe Ltd.
Taikisha Engineering India Ltd.

Domestic subsidiaries

San Esu Industry Co., Ltd.
N.J. Axivane Co., Ltd.
Nippon Noise Control Ltd.
Tokyo Taikisha Service Ltd.
Custom-Ace Ltd.

The following unconsolidated subsidiary would have no material effect on the consolidated financial statements of the Companies and is therefore excluded from consolidation.

Unconsolidated subsidiary

Taikisha Espana S.A.

Investments in the following affiliates are accounted for by the equity method of accounting:

Foreign affiliates

Beijing Wuzhou Taikisha Equipment Co., Ltd.
Shanghai Dongbo-Taiki Conveyor System Manufacturing Co., Ltd.
Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost due to their immaterial effect on the consolidated financial statements of the Companies.

Unconsolidated subsidiaries and affiliates whose investments are not accounted for by the equity method

Taikisha Espana S.A.
Makiansia Engineering (M) Sdn. Bhd.

All five domestic subsidiaries as well as Taikisha Engineering India Ltd., have a fiscal year ending on March 31, which is the same as the fiscal year of the Company. The other twenty foreign subsidiaries have a fiscal year ending on December 31. For those foreign subsidiaries with a fiscal year ended December 31, certain adjustments have been made, where appropriate, in preparing the consolidated financial statements to reflect material transactions which might have taken place between their fiscal year end and March 31.

The full portion of the assets and liabilities of the subsidiaries is marked to fair value as of the acquisition of control.

Since the excess of the cost over the underlying net equity of investments in consolidated subsidiaries at their acquisition dates is immaterial, It is amortized when occured.

(2) Revenue recognition

The Company, five domestic subsidiaries use the completed-contract method of accounting.

TKS Industrial Company, Taikisha Canada Inc., Taikisha de Mexico, S.A. de C.V., Taikisha (Singapore) Pte. Ltd., Taikisha (Thailand) Co.,Ltd., Taikisha Trading (Thailand) Co., Ltd., Thaiken Maintenance & Service Co., Ltd., Token Interior & Design Co., Ltd., TKA Co., Ltd., P.T. Taikisha Indonesia Engineering, P.T. Taikisha Manufacturing Indonesia, Taikisha Philippines Inc., Taikisha Vietnam Engineering Inc., Taikisha Hong Kong Limited, Taikisha Europe Ltd. and Taikisha Engineering India Ltd. use the percentage-of-completion method of accounting. In this case, revenues are recognized based on the estimated percentage of completion of each project. The percentage of completion is developed using costs incurred as compared to total estimated costs for each project (cost-to-cost method).

Taikisha Engineering (M) Sdn. Bhd., Wuzhou Taikisha Engineering Co., Ltd., Taikisha (Taiwan) Ltd. Taikisha Korea Ltd. and Taikisha do Brasil Ltda. use both the completed-contract and the percentage-of-completion methods of accounting.

(3) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

(4) Investments in securities

Securities issued by unconsolidated subsidiaries and affiliates are stated at cost, determined by the weighted average method.

Investments in securities are classified into three categories: 1) trading securities, 2) held-to-maturity debt securities, and 3) other securities. These categories are treated differently for the purposes of measuring and accounting for changes in fair value. The Companies hold only 3) other securities.
Other securities for which market quotations are available are stated at fair value based on market prices at the end of the year.
Net unrealized gains or losses on these securities are reported as a separate item in shareholders' equity at a net-of-tax amount. The cost of securities sold is stated at cost, determined by the weighted average method.
Other securities for which market quotations are unavailable are stated at cost, determined by the weighted average method.

(5) Derivatives
Derivative instruments are recognized as either assets or liabilities at their respective fair values at the date of contract, and gains and losses arising from changes in fair value are recognized in earnings in the corresponding fiscal period. If certain hedging criteria are met, such gains and losses are deferred and accounted for as assets or liabilities.

(6) Hedge accounting
Gains or losses arising from changes in the fair value of the derivatives designated as "hedging instruments" are deferred as a component of revaluation and translation adjustment in net assets and included in net profit or loss in the same period during which the gains and losses on the underlying hedged items or transactions are recognized.
The derivatives designated as hedging instruments by the Company are forward exchange contracts. The underlying hedged items are trade accounts receivable and payable.
As permitted under the accounting principles generally accepted in Japan, when forward foreign exchange contracts meet certain conditions for hedge accounting, accounts receivable and payable covered by these contracts are translated using the contract rates of these forward foreign exchange contracts. The unrealized gains or losses on the accounts receivable and payable resulting from the difference between the spot foreign exchange rate and contract rate are deferred and amortized over the term of the contract.
The Company has a policy of utilizing the above hedging instruments in order to reduce the Company's exposure to the risk of foreign exchange rate fluctuation. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the underlying hedged items.
The Company omits evaluations for effectiveness of its hedging activities.

(7) Inventories
The cost of uncompleted contracts is stated at the accumulated construction cost for each project. Selling, general and administrative expenses are excluded from such costs. Materials and supplies are stated at the lower of cost or net realizable value, cost being determined by the weighted average method.

(8) Allowance for doubtful accounts
To provide for expected credit losses, a general allowance for doubtful accounts is established based on historical default rates for losses. A specific allowance for doubtful accounts is established on an individual account basis to recognize the risk of credit losses on individual receivables.

(9) Reserve for warranty costs for completed works
The Companies recognize a reserve for warranty costs for completed works based on past experience rates.

(10) Allowance for losses on construction contracts
The Company provides an allowance for losses on construction contracts, which could be reasonably estimated, with respect to total estimated construction cost over construction price among with construction contracts in progress.

(11) Reserve for directors' bonuses
In preparation for future bonus payments to directors, the estimated amount of payments for the current period is recorded.

(12) Property, plant, equipment and depreciation
Property, plant and equipment are stated at cost. Accumulated depreciation is principally computed using the declining-balance method.
Depreciation is computed by certain foreign subsidiaries using the straight-line method based on the estimated useful lives of the assets.

(13) Accrued retirement benefits
The Companies accrue an allowance for employees' retirement benefits, which is provided for in an amount equal to the difference between retirement benefit obligations and plan assets, less the unrecognized balance of actuarial differences, at the end of the fiscal year.
Unrecognized actuarial differences are amortized using the straight-line method over 10 years from the year following that in which they arise, their balances were ¥2,624 million (US$26,248 thousand) and ¥690 million as at March 31, 2008 and 2007, respectively.
Unrecognized prior service costs (reduction in liability) are amortized using the straight-line method over 10 years. The balances of unrecognized prior service costs were ¥2,439 million (US$24,397 thousand) and ¥2,734 million as at March 31, 2008 and 2007, respectively.
The Company and certain of its domestic subsidiaries have retirement plans of the integrated establishment agency type which are governed by the regulations of the Japanese Welfare Pension Insurance Law.
Plan assets at the end of the fiscal year calculated based on the proportion of the funded amounts were ¥9,965 million (US$99,655 thousand) and ¥11,664 million as at March 31, 2008 and 2007, respectively.

(14) Accrued severance benefits to directors and statutory auditors
The Company and its domestic subsidiaries recognize liabilities for accrued severance benefits to directors and statutory auditors at 100 percent of the amount required by the Company's policies for severance benefits on the consolidated balance sheets. The payment and amount of the severance benefits to retired directors or statutory auditors are subject to approval by the shareholders.

(15) Accounting for leases
Leases that transfer substantially all the risks and rewards of ownership of the assets to the Company are accounted for as capital leases. Leases which do not transfer ownership of the assets to the Company at the end of the lease term are accounted for as operating leases in accordance with accounting principles and practices generally accepted in Japan.

(16) Research and development and computer software
Research and development expenditure is charged to income when incurred. Expenditure relating to computer software developed for internal use is charged to income when incurred, except when it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an asset and is amortized using the straight-line method over its estimated useful life of 5 years.

(17) Income taxes
Provision for income taxes—current is calculated based on taxable income for the period.
Deferred income taxes are determined using the asset and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

(18) Accounting for consumption tax
Transactions are recorded at amounts exclusive of consumption tax.

(19) Appropriation of retained earnings

Appropriation of retained earnings is accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Cash in hand and at banks	**¥ 34,029**	¥ 18,499	**$ 340,294**
Time deposits with deposit terms of over 3 months	**(2,091)**	(1,800)	**(20,916)**
Cash and cash equivalents	**¥ 31,937**	¥ 16,698	**$ 319,377**

4. Notes maturing on the balance sheet date

In the event that the balance sheet dates are bank holidays, notes maturing on the balance sheet date are accounted for as being settled on the settlement day. The amounts of the notes maturing on March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Notes receivable	**¥ —**	¥ 206	**$ —**
Notes receivable endorsed	**—**	9	**—**
Notes payable	**—**	548	**—**
Notes payable-advanced	**—**	36	**—**

5. Investments in securities

Investments in securities at March 31, 2008 and 2007 are as follows:

(1) Other securities for which market quotations are available

	Millions of yen		
	2008		
	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Marketable equity securities	**¥ 6,728**	**¥ 15,714**	**¥ 8,985**
Total	**¥ 6,728**	**¥ 15,714**	**¥ 8,985**

	Millions of yen		
	2008		
	Cost	Fair value	Unrealized gain (loss)
Securities whose cost exceeds their fair value:			
Marketable equity securities	**¥ 2,774**	**¥ 2,222**	**¥ (551)**
Bonds and debentures	**500**	**445**	**(54)**
Total	**¥ 3,274**	**¥ 2,668**	**¥ (606)**

	Millions of yen		
	2007		
	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Marketable equity securities	¥ 8,078	¥ 23,889	¥ 15,810
Total	¥ 8,078	¥ 23,889	¥ 15,810

	Millions of yen		
	2007		
	Cost	Fair value	Unrealized gain (loss)
Securities whose cost exceeds their fair value:			
Marketable equity securities	¥ 1,443	¥ 1,371	¥ (71)
Bonds and debentures	500	413	(86)
Total	¥ 1,943	¥ 1,784	¥ (158)

	Thousands of U.S. dollars		
	2008		
	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Marketable equity securities	**$ 67,287**	**$ 157,143**	**$ 89,855**
Total	**$ 67,287**	**$ 157,143**	**$ 89,855**

	Thousands of U.S. dollars		
	2008		
	Cost	Fair value	Unrealized gain (loss)
Securities whose cost exceeds their fair value:			
Marketable equity securities	**$ 27,743**	**$ 22,228**	**$ (5,514)**
Bonds and debentures	**5,000**	**4,454**	**(545)**
Total	**$ 32,743**	**$ 26,682**	**$ (6,060)**

The Company's policies require the Company to write down securities whose market value falls 50% or more below the cost at the end of the year, or whose market value falls 30% or more below the cost from one year or more, as long as there is no evidence to indicate that the current price will be recovered to the carrying value within one year. The Company recorded an impairment loss of ¥521 million during fiscal 2008. The Company and domestic subsidiaries did not record an impairment loss on securities during the years ended March 31, 2007.

(2) Other securities sold in the years ended March 31, 2008 and 2007

Millions of yen		
2008		
Proceeds	Gain on sale	Losses on sale
¥ 1,861	**¥ 61**	**¥ —**

Millions of yen		
2007		
Proceeds	Gain on sale	Losses on sale
¥ 652	¥ 95	¥ —

Thousands of U.S. dollars		
2008		
Proceeds	Gain on sale	Losses on sale
$ 18,610	**$ 618**	**$ —**

(3) Details and fair value of other securities without market quotations

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Other securities			
Securities without market quotations	**¥ 625**	¥ 1,622	**$ 6,255**
Investment trusts	**69**	389	**691**
Bonds and debentures denominated in foreign currencies	**89**	73	**899**

(4) Repayment schedule of other securities with maturity

	Millions of yen			
	2008			
	Within one year	One to five years	Five to ten years	More than ten years
Bonds and debentures	**¥ —**	**¥ 66**	**¥ 23**	**¥ 445**

Notes: The Company wrote down ¥521 million of Other Marketable Securities with determinable market values. Those stocks whose market values have decreased by 50% or more compared to acquisition cost are written down to the extent that there is no rational evidence indicating a recovery to carrying value within the next 12 months. Stocks whose market values have decreased between 30% and 50% of acquisition cost are written down as deemed necessary, considering trends in market prices for the past 12 months and any potential for a recovery in price.

	Millions of yen 2007			
	Within one year	One to five years	Five to ten years	More than ten years
Bonds and debentures	¥ —	¥ 40	¥ 32	¥ 413

Notes: No writedowns were recorded for Other Marketable Securities with determinable market values. Those stocks whose market values have decreased by 50% or more compared to acquisition cost are written down to the extent that there is no rational evidence indicating a recovery to carrying value within the next 12 months. Stocks whose market values have decreased between 30% and 50% of acquisition cost are written down as deemed necessary, considering trends in market prices for the past 12 months and any potential for a recovery in price.

	Thousands of U.S. dollars 2008			
	Within one year	One to five years	Five to ten years	More than ten years
Bonds and debentures	**$ —**	**$ 665**	**$ 234**	**$ 4,454**

6. Derivatives and hedging activities

Derivative transactions utilized by the Companies are forward currency exchange contracts.

The Companies use forward currency exchange contracts to hedge against the exchange rate risk associated with monetary receivables and payables denominated in foreign currencies.

The Companies have established a control environment which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of transactions involving derivative financial instruments. The Companies do not hold or issue derivative financial instruments for trading purposes.

The Companies are exposed to certain market risks arising from their forward exchange contracts. The Companies are also exposed to the risk of credit loss in the event of non-performance by the counterparties to the forward exchange contracts. However, the Companies do not anticipate nonperformance by any of these counterparties all of whom are financial institutions with high credit ratings.

Fair value of derivative financial instruments

The aggregate amounts contracted to be paid or received and the fair values of derivative financial instruments of the Companies as at March 31, 2008 and 2007 are as follows:

Currency-related derivatives

	Millions of yen 2008		
	Contract amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:			
Buy			
Yen	**¥ 183**	**¥ 186**	**¥ 2**
U.S. dollars	**47**	**46**	**(0)**
Singapore dollars	**10**	**10**	**(0)**
Euros	**3**	**3**	**0**
Sell			
New Taiwan dollars	**3**	**4**	**(0)**
Total	**¥ —**	**¥ —**	**¥ 1**

	Millions of yen 2007		
	Contract amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:			
Buy			
Yen	¥ 21	¥ 20	¥ (0)
U.S. dollars	6	6	(0)
Singapore dollars	3	3	(0)
Total	¥ 31	¥ 30	¥ (0)

	Thousands of U.S. dollars 2008		
	Contract amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:			
Buy			
Yen	**$ 1,838**	**$ 1,862**	**$ 23**
U.S. dollars	**471**	**465**	**(5)**
Singapore dollars	**108**	**107**	**(0)**
Euros	**36**	**36**	**0**
Sell			
New Taiwan dollars	**37**	**41**	**(3)**
Total	**$ —**	**$ —**	**$ 14**

Notes: 1. The contract amount are the notional amounts of the derivatives. The notional amounts do not represent the Company's exposure to foreign exchange risks.
2. Derivative transactions qualifying for hedge accounting are excluded from the above tables.

7. Inventories

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Construction contracts in progress	**¥ 20,601**	¥ 29,662	**$ 206,018**
Materials and supplies	**544**	706	**5,445**
Total	**¥ 21,146**	¥ 30,368	**$ 211,464**

8. Pledged assets

Assets pledged as collateral as at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars	
Pledged assets	**2008**	2007	**2008**	Liabilities covered by Pledged assets
Cash in hand and at banks	**¥ 32**	¥ 32	**$ 325**	Deposits as security for dealings by affiliates
Investment securities	**2**	2	**20**	Loans by invested company
Investment securities	**232**	—	**2,322**	Loans by affiliates
Machinery, equipment, equipment, cars, tools, furniture and fixtures	**¥ 13**	—	**$ 139**	Loans by affiliates

9. Short-term loans and long-term debt

Annual interest rates applicable to short-term loans outstanding at March 31, 2008 and 2007 ranged from 0.500% to 3.482% and from 0.500% to 4.451%, respectively. The approximate average short-term loans outstanding during the years ended March 31, 2008 and 2007 were ¥5,517 million (US$55,170 thousand) and ¥4,525 million, respectively.

Long-term debt as at March 31, 2008 and 2007 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Long-term debt without collateral:			
Banks and insurance companies, maturing serially through 2010 — principally 1.656% to 1.723%	**¥ 274**	¥ 395	**$ 2,744**
Total	**274**	395	**2,744**
Less: Current portion	**(132)**	(299)	**(1,328)**
Long-term debt, less current portion	**¥ 141**	¥ 95	**$ 1,416**

The aggregate annual maturities of long-term debt (excluding current portion) as at March 31, 2008 were as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2010	**¥ 75**	**$ 754**
2011	**66**	**662**
Total	**¥ 141**	**$ 1,416**

10. Retirement benefit plan

The Company and its domestic subsidiaries have adopted three defined benefit retirement plans which consist of plans that are governed by the regulations of the Japanese Welfare Pension Insurance Law, outside funded retirement benefit plans and lump-sum retirement payment plans. Most overseas subsidiaries have adopted defined contribution pension plans and others have adopted defined benefit pension plans.

The accrued retirement benefits as of March 31, 2008 and 2007 are analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Projected benefit obligations	**¥ (18,601)**	¥ (19,127)	**$ (186,017)**
Plan assets (*)	**14,799**	17,077	**147,993**
Sub total	**(3,802)**	(2,049)	**(38,023)**
Unrecognized actuarial differences (*)	**2,624**	690	**26,248**
Unrecognized prior service costs	**(2,439)**	(2,734)	**(24,397)**
Accrued retirement benefits	**¥ (3,617)**	¥ (4,093)	**$ (36,172)**

Notes: 1. Items marked with an asterisk (*) include amounts related to a portion of contributions to a retirement benefit trust.

2. The Company and certain domestic subsidiaries have retirement plans of the integrated establishment agency type which are governed by the regulations of the Japanese Welfare Pension Insurance Law. Plan assets calculated based on the proportion of the funded amounts were ¥9,965 million (US$99,655 thousand) and ¥11,664 million for years ended March 31, 2008 and 2007, respectively.

3. Certain domestic and overseas subsidiaries which have lump-sum retirement payment plans adopted the simplified method of calculating the accrued retirement benefits.

Net pension expense related to retirement benefits for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Service costs	**¥ 756**	¥ 1,427	**$ 7,567**
Interest cost	**367**	408	**3,674**
Expected return on plan assets	**(374)**	(358)	**(3,745)**
Amortization of unrecognized actuarial differences	**391**	455	**3,915**
Amortization of prior service costs	**(294)**	(65)	**(2,947)**
Net pension expense	**¥ 846**	¥ 1,867	**$ 8,464**

Service costs include pension expense calculated by using the simplification method and amounts paid to welfare pension funds.

Assumptions used in calculation of the above information are as follows:

	2008	2007
Method of attributing the projected benefits to periods of service	**straight-line basis**	straight-line basis
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.5%**	2.5%
Amortization of unrecognized actuarial differences	**10 years**	10 years
Amortization of prior service costs	**10 years**	10 years

11. Gain (loss) on sale and disposal of tangible and intangible assets

(1) Gain on sale of tangible and intangible assets includes the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Buildings and structures	**¥29**	¥0	**$ 292**
Machinery, equipment, cars, tools, furniture and fixtures	**40**	27	**409**
Land	**0**	1,266	**4**
Long-term deposits	**10**	27	**107**
Other	**2**	—	**29**
Total	**¥ 84**	¥ 1,321	**$ 843**

(2) Loss on disposal of tangible and intangible assets includes the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Buildings and structures	**¥ 51**	¥ 26	**$ 516**
Machinery, equipment, cars, tools, furniture and fixtures	**23**	26	**231**
Land	**13**	237	**138**
Long-term deposits	**3**	11	**35**
Other	**19**	49	**196**
Total	**¥ 111**	¥ 351	**$ 1,119**

12. Leases

The Companies use certain machinery, equipment and other assets under finance lease contracts. Total lease payments were ¥163 million (US$1,631 thousand) and ¥165 million for the years ended March 31, 2008 and 2007, respectively.

Pro forma information regarding the leased property such as acquisition cost and accumulated depreciation under finance leases that do not transfer the ownership of the leased property to the lessee for the years ended March 31, 2008 and 2007 is as follows:

	Millions of yen			Thousands of U.S. dollars
March 31, 2008				
	Acquisition Cost	Accumulated depreciation	Balance	Balance
Tools and furniture	**¥ 422**	**¥ 268**	**¥ 153**	**$ 1,535**
Machinery	**355**	**109**	**246**	**2,464**
Other	**95**	**62**	**32**	**329**
Total	**¥ 872**	**¥ 440**	**¥ 432**	**$ 4,328**

	Millions of yen		
March 31, 2007			
	Acquisition Cost	Accumulated depreciation	Balance
Tools and furniture	¥ 433	¥ 234	¥ 199
Machinery	219	75	143
Other	103	59	44
Total	¥ 756	¥ 368	¥ 388

Future minimum lease payments under finance leases that do not transfer the ownership of the leased property to the lessee as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 156	¥ 149	$ 1,569
Due over one year	275	238	2,758
Total	¥ 432	¥ 388	$ 4,328

Obligations under non-cancelable operating leases as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 87	¥ 72	$ 874
Due over one year	210	30	2,108
Total	¥ 298	¥ 103	$ 2,983

Acquisition cost and future minimum lease payments under finance leases that do not transfer the ownership of the leased property to the lessee include the imputed interest expense portion.

Pro forma depreciation expense, which is not reflected in the consolidated statements of income, computed using the straight-line method, would be ¥163 million (US$1,631 thousand) and ¥165 million for the years ended March 31, 2008 and 2007, respectively.

13. Selling, general and administrative expenses

(1) Selling, general and administrative expenses for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Remuneration to directors and statutory auditors	¥ 612	¥ 581	$ 6,127
Salaries and wages	5,907	5,541	59,072
Provision for directors' bonuses	40	30	408
Pension expense	458	684	4,586
Provision for accrued severance benefits to directors and statutory auditors	71	105	718
Communication and transportation expense	1,284	1,132	12,842
Provision for allowance for doubtful accounts	453	153	4,531
Bad debt loss	45	—	453
Rents	1,025	983	10,253
Depreciation	618	456	6,187
Amount written off of consolidated goodwill	—	0	—
Other	4,492	4,061	44,921
Total	¥ 15,010	¥ 13,732	$ 150,103

(2) Research and development expense

Research and development expense included in selling, general and administrative expenses was ¥850 million (US$8,503 thousand) and ¥769 million for the years ended March 31, 2008 and 2007, respectively.

14. Income taxes

The statutory income tax rate used for calculating deferred tax assets and liabilities for the years ended March 31, 2008 and 2007 was 40.69%.

The significant components of deferred tax assets and liabilities of at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets:			
Allowance for doubtful accounts	¥ 222	¥ 86	$ 2,225
Allowance for losses on construction contracts	274	507	2,741
Accrued retirement benefits	1,394	1,597	13,942
Employee pension trust, investment securities	268	258	2,682
Accrued severance benefits to directors and statutory auditors	239	262	2,394
Accrued enterprise taxes	37	98	372
Accrued bonuses	376	233	3,760
Cost of uncompleted contracts	209	353	2,093
Cost incurred in previous years	—	1,021	—
Loss on revaluation of investments in securities	514	331	5,141
Write-down of golf club memberships and other	230	233	2,302
Net unrealized losses on securities	222	64	2,229
Net operating losses carried forward	435	390	4,355
Foreign tax credit carried forward	148	115	1,480
Other	501	351	5,019
Sub total	5,074	5,905	50,741
Valuation allowance	(1,227)	(1,055)	(12,272)
Total deferred tax assets	3,846	4,849	38,469
Deferred tax liabilities:			
Net unrealized gains on securities	(3,564)	(6,310)	(35,642)
Deferred gains on sales of fixed assets	(26)	(28)	(261)
Retained earnings of consolidated foreign subsidiaries	(1,592)	—	(15,923)
Other	(14)	(14)	(140)
Total deferred tax liabilities	(5,196)	(6,353)	(51,967)
Net deferred tax liabilities	¥ (1,349)	¥ (1,503)	$ (13,497)

The reconciliation between the statutory income tax rate and the effective income tax rate as of March 31, 2008 and 2007 are as follows:

	2008	2007
Statutory tax rate	**40.69%**	40.69%
Adjustments for:		
Permanent differences:		
Entertainment expenses	**1.57**	2.24
Dividend income	**(1.84)**	(1.96)
Equalization of inhabitants taxes	**1.12**	1.30
Increase (decrease) in valuation allowance:		
Net operating losses carried forward	**(0.15)**	4.38
Foreign tax credit carried forward	**(1.79)**	1.52
Loss on revaluation of investments in securities	**3.05**	7.38
Write-down of golf club memberships and other	**0.17**	4.82
Other	**1.70**	2.33
Taxation on intercompany dividends	**6.06**	13.37
Lower income tax rates applicable to income in certain foreign countries	**(5.42)**	(5.26)
Special tax reduction	**(1.03)**	(1.37)
Indirect foreign tax credit	**(2.84)**	(4.65)
Retained earnings of consolidated foreign subsidiaries	**26.53**	—
Other	**(0.40)**	(1.65)
Effective income tax rate	**67.42%**	63.14%

15. Net assets and per share data

Under the Corporate Law of Japan (the "Law"), the lower of 50% of the proceeds from issuance of new shares, or of the par value thereof, is permitted to be transferred to the "Capital surplus" account. The Law provides that an amount equivalent to at least 10% of the cash dividends paid with respect to each fiscal period be appropriated to the earned reserve account in retained earnings until the legal reserve equals 25% of common stock.

Under the Law, the Company is allowed to repurchase its own shares to the extent that the aggregate cost of treasury shares does not exceed the maximum amount available for dividends. Treasury shares are stated at cost in net assets in the consolidated balance sheets.

In accordance with the Law, proposed appropriations of retained earnings have not been reflected in the financial statements at the end of each fiscal year. However, dividends per share shown in the consolidated statements of income have been presented on an accrual basis and include, in each fiscal year ended March 31, dividends approved after March 31, but applicable to the year then ended.

Net income per share is based on the weighted average number of common shares outstanding during each year. The Financial Instruments and Exchange Act of Japan requires the disclosure of net income per share adjusted for dilution (assuming full conversion of all convertible debentures of the Company outstanding with related reduction in interest expense and exercise of all warrants), if any. However, since no convertible bonds and warrants were issued by the Company, there is no dilutive effect on net income per share.

16. Contingent liabilities

Contingent liabilities at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Repurchase of notes endorsed	**¥ 20**	¥ 37	**$ 208**
Guarantees of loans from banks to employees and others	**50**	149	**507**
Total	**¥ 71**	¥ 187	**$ 716**

17. Segment information

Segment information by industry segment, geographic area and overseas sales of the Company and its consolidated subsidiaries for the years ended March 31, 2008 and 2007 is as follows:

(1) Industry segments

As the Company and its consolidated subsidiaries operate as one equipment construction industry segment, information by industry segment is not presented.

(2) Geographical segments

Segment information by geographic area for the years ended March 31, 2008 and 2007 are summarized as follows:

Millions of yen

2008

	Japan	North America	Southeast Asia	East Asia	Other	Eliminations/ Corporate	Consolidated
Sales to customers	**¥ 113,819**	**¥ 8,719**	**¥ 34,038**	**¥ 12,123**	**¥ 14,333**	**¥ —**	**¥ 183,034**
Intersegment	**5,087**	**51**	**103**	**71**	**293**	**(5,606)**	**—**
Total sales	**118,906**	**8,770**	**34,141**	**12,194**	**14,626**	**(5,606)**	**183,034**
Operating expenses	**115,997**	**9,189**	**32,851**	**11,604**	**13,415**	**(5,511)**	**177,547**
Operating income (loss)	**2,909**	**(418)**	**1,290**	**590**	**1,211**	**(95)**	**5,487**
Assets	**¥ 109,345**	**¥ 11,786**	**¥ 15,611**	**¥ 5,065**	**¥ 7,068**	**¥ (6,853)**	**¥ 142,024**

Notes: 1. Major Countries/ Regions Outside Japan (1) North America...United States, Canada (2) Southeast Asia..Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam (3) East Asia...China, Taiwan, Korea (4) Other Regions...United Kingdom, India

2. Effective from the year ended March 31, 2007, the Company applied the "Accounting standard for directors' bonuses" (Accounting Standards Board of Japan Statement No.4 issued on November 29, 2005 by the Accounting Standards Board of Japan). As a result of the application of this standard, operating expense increased by ¥30 million, and operating profit decreased by ¥30 million.

Millions of yen

2007

	Japan	North America	Southeast Asia	East Asia	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 133,449	¥ 10,837	¥ 28,359	¥ 13,867	¥ 10,811	¥ —	¥ 197,325
Intersegment	3,572	24	972	169	66	(4,804)	—
Total sales	137,021	10,861	29,331	14,037	10,878	(4,804)	197,325
Operating expenses	136,991	11,093	27,701	13,751	9,887	(4,926)	194,499
Operating income (loss)	29	(231)	1,629	285	990	121	2,826
Assets	¥ 145,463	¥ 4,301	¥ 15,749	¥ 6,892	¥ 7,057	¥ (7,722)	¥ 171,741

Notes: 1. Major Countries/ Regions Outside Japan (1) North America...United States, Canada (2) Southeast Asia..Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam (3) East Asia...China, Taiwan, Korea (4) Other Regions...United Kingdom, India

2. Effective from the year ended March 31, 2007, the Company applied the "Accounting standard for directors' bonuses" (Accounting Standards Board of Japan Statement No.4 issued on November 29, 2005 by the Accounting Standards Board of Japan). As a result of the application of this standard, operating expense increased by ¥30 million, and operating profit decreased by ¥30 million.

	Thousands of U.S. dollars						
	2008						
	Japan	North America	Southeast Asia	East Asia	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$ 1,138,192	$ 87,197	$ 340,386	$ 121,235	$ 143,330	$ —	$ 1,830,341
Intersegment	50,871	511	1,032	714	2,938	(56,069)	—
Total sales	1,189,064	87,709	341,419	121,949	146,268	(56,069)	1,830,341
Operating expenses	1,159,973	91,896	328,513	116,045	134,155	(55,114)	1,775,470
Operating income (loss)	29,090	(4,187)	12,905	5,904	12,113	(954)	54,870
Assets	$ 1,091,290	$ 117,865	$ 156,116	$ 50,652	$ 70,683	$ (68,530)	$ 1,418,079

(3) Overseas sales

Overseas sales, which consisted of export sales by the Company and its domestic consolidated subsidiaries and overseas sales of overseas consolidated subsidiaries, for the years ended March 31, 2008 and 2007 are summarized as follows:

	Millions of yen				
	2008				
	North America	Southeast Asia	East Asia	Other	Total
Overseas sales	¥ 8,286	¥ 36,121	¥ 14,566	¥ 22,012	¥ 80,986
Consolidated sales					183,034
Ratio of overseas sales to consolidated sales (%)	4.5	19.7	8.0	12.0	44.2

Notes: Major Countries/Regions Outside Japan
(1) North America...United States, Canada
(2) Southeast Asia..Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam
(3) East Asia...China, Taiwan, Korea
(4) Other Regions...United Kingdom, Russia, India, Hungary

	Millions of yen				
	2007				
	North America	Southeast Asia	East Asia	Other	Total
Overseas sales	¥ 8,202	¥ 33,360	¥ 18,139	¥ 22,855	¥ 82,557
Consolidated sales					197,325
Ratio of overseas sales to consolidated sales (%)	4.1	16.9	9.2	11.6	41.8

Notes: Major Countries/Regions Outside Japan
(1) North America...United States, Canada
(2) Southeast Asia..Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam
(3) East Asia...China, Taiwan, Korea
(4) Other Regions...United Kingdom, Russia, Iraq, India, Brazil, South Africa

	Thousands of U.S. dollars				
	2008				
	North America	Southeast Asia	East Asia	Other	Total
Overseas sales	$ 82,867	$ 361,211	$ 145,661	$ 220,127	$ 809,867
Consolidated sales					$ 1,830,341

18. Related party transactions

There were no material related party transactions during the years ended March 31, 2008 and 2007.

19. Subsequent events

(1) The following appropriations of retained earnings were approved at the shareholders' meeting held on June 27, 2008:

	Millions of yen	Thousands of U.S. dollars
Appropriations of retained earnings:		
Cash dividends paid	¥ 735	$ 7,355

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of Taikisha Ltd.,

We have audited the accompanying consolidated balance sheet of Taikisha Ltd. and its consolidated subsidiaries as of March 31, 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taikisha Ltd. and its consolidated subsidiaries as of March 31, 2008, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

A&A Partners

A&APartners
Tokyo, Japan
June 27,2008

Corporate Directory

Domestic bases

Location of bases — Foundation

1 Headquarters — 1913
ShinjukuSumitomo BLDG.,6-1, 2chome Nishi-Shinjuku, Shinjuku-ku, Tokyo, 163-0225
Tel: 81-3-3344-1851 Fax: 81-3-3342-5590

2 San Esu Industry Co.,Ltd. — 1976
3-24 Ikaga Midori-cho,Hirakata-shi Osaka, 573-0067
Tel: 81-72-845-0141 Fax: 81-72-845-2402

3 Nippon Noise Control Ltd. — 1986
Lego Bldg.,4th Floor 2-28-8, Yanagibashi Taito-ku Tokyo,141-0032
Tel: 81-3-5822-3691 Fax: 81-3-5822-3692

4 Tokyo Taikisha Service Ltd. — 2000
Nishi-Shinjuku Sato Bldg.,4th Floor 7-9-16 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0023
Tel: 81-3-5925-3575 Fax: 81-3-5925-3578

5 Custom-Ace Ltd. — 1989
1-7-10, Shingashi, Itabashi-ku Tokyo 175-0081
Tel: 81-3-3935-8843 Fax: 81-3-3932-0470

Overseas bases

6 TKS Industrial Company — 1981
901 Tower Drive, Suite 250, Troy, Michigan 48098-2817 U.S.A.
Tel: 1-248-786-5000 Fax: 1-248-786-5001

7 Taikisha Canada Inc. — 1985
901 Tower Drive, Suite 250, Troy, Michigan 48098-2817 U.S.A.
Tel: 1-248-786-5000 Fax: 1-248-786-5001

8 Taikisha de Mexico, S. A. de C.V. — 1990
Homero No. 407, Piso 7, Col. Chapultepec Morales, 11570 Mexico D. F., Mexico
Tel: 52-55-5203-2130 Fax: 52-55-5250-6178

9 Taikisha do Brasil Ltda. — 1996
Rua Apeninos, 930 - Conj. 54, CEP 04104-020 - S.P. Brasil
Tel: 55-11-5572-5414 Fax: 55-11-5575-6125

10 Wu-Zhou Taikisha Engineering Co., Ltd. — 1994
#1110 Beijing Fortune Bldg., #5 Dong San Huan Bei Lu, Chaoyang District, Beijing 100004
Tel: 86-10-6590-8251 Fax: 86-10-6590-8257

Shanghai Office
#418 Huapu Science & Technology Plaza, Zhongshan Nan Lu 1228, Shanghai 200011
Tel: 86-21-6315-3088 Fax: 86-21-6315-3080

Chongqing Office
#14-1,14-2 Taiwan Huayuan C Zuo, Nanping Xi Lu, Nan'an Qu, Chongqin 400060
Tel: 86-23-6298-0773 Fax: 86-23-6298-0774

11 Beijing Wuzhou Taikisha Equipment Co., Ltd. — 2002
#1110 Beijing Fortune Bldg., #5 Dong San Huan Bei Lu, Chaoyang District, Beijing, 100004
Tel: 86-10-6590-8251 Fax: 86-10-6590-8257

12 Shanghai Dongbo-Taiki Conveyor System Manufacturing Co., Ltd. — 2002
#1128 Pine City Hotel, #.8, DongAn Road, Xuhui Dist., Shanghai 200032
Tel: 86-21-6443-0780 Fax: 86-21-6443-9478

13 Tianjin Dongchun-Taiki Metal Finishing Conveyor System Manufacturing Co., Ltd. — 2004
Yang Cheng Zhuang Bridge Southwest Side, Jinghai County, Tianjin 301617
Tel: 86-22-6864-5848 Fax: 86-22-6864-5849

Location of bases	Foundation
14 Taikisha Korea Ltd.	1996

No.209,14-11, Yoido-Dong, Youngdeungpo-Gu, Seoul, Korea 150-010
Tel: 82-2-783-0270 Fax: 82-2-783-0274

15 Taikisha (Taiwan) Ltd.	1989

Sheng Yang Bldg., 4th Floor, No.337, Sec 1,Tung Hwa S. Rd., 106 Taipei, Taiwan, R.O.C.
Tel: 886-2-2706-4327 Fax: 886-2-2706-4328

Hsinchu Office
8F, No.55, Tong Kuang Road, 300 Hsinchu, Taiwan, R.O.C.
Tel: 886-3-572-3903 Fax: 886-3-572-3905

16 Taikisha (Thailand) Co., Ltd.	1971
Taikisha Trading (Thailand) Co., Ltd.	1983

6th Floor, Thaniya Bldg., 62 Silom Road, Suriyawong Bangrak, Bangkok 10500, Thailand
Tel: 66-2-236-8055 Fax: 66-2-236-3502

TKC PF-Division
9th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500 Thailand
Tel: 66-2-267-6400 Fax: 66-2-267-6405

Nava Nakorn Office
10/28 and 10/29, Klongnueng, Klongluang, Pathumthani, Thailand
Tel: 66-2-529-1387 Fax: 66-2-529-1392

Bang Kadi Office
84/8-9 Moo 2, Bangkadi, Pathumthani, Thailand
Tel: 66-2-501-2787 Fax: 66-2-501-1569

Ayudthaya Office
48 Mu 2, Asia Rd., K.M. 64, T.Talingchan A., Bang Pa-in, Ayudthaya,13160,Thailand
Tel: 66-35-350-471 Fax: 66-35-350-468

Bangplee Factory
445 Bangplee Industrial Estate, Teparuck Road, Bangsaothong, Bangplee, Samutprakarn Thailand
Tel: 66-2-315-3144 Fax: 66-2-315-3151

Lamphun Office
107/21-22 Moo 4, Tambon Bankrang Ampher Muang Lamphun
Tel: 66-53-581-244 Fax: 66-53-581-079

17 Thaiken Maintenance & Service Co., Ltd.	1990

445 Moo 17, Thepharak Rd., T. Bangsaothong Sub District Bangsaothong Samutprakarn 10540 Thailand
Tel: 66-2-705-8744 Fax: 66-2-705-8748

18 Token Interior & Design Co., Ltd.	1986

9th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500 Thailand
Tel: 66-2-236-9103 Fax: 66-2-236-0119

19 TKA Co., Ltd.	1991

445 Moo 17, Bangna-Trad Rd., Km.23, Tambol Bangsaothong, Kingamphur Bangsaothong, Samutprakarn10540, Thailand
Tel: 66-2-705-8363 Fax: 66-2-705-8993

20 Taikisha Vietnam Engineering Inc.	1998

Room 303, 3rd Floor, Thang Long Building, 105 Long Ha Street, Dong Da District, Hanoi, Vietnam
Tel: 84-4-562-2750 Fax: 84-4-562-2751

Ho Chi Minh Office
HOANG ANH SAFOMEC OFFICE BUILDING, 4th Floor, Room No.405, 7/1 Thanh Thai Street, Ward 14, District 10, Ho Chi Minh City, Vietnam
Tel: 84-8-264-6366 Fax: 84-8-264-6369

Location of bases	Foundation
21 Taikisha Philippines Inc.	1995

5th Floor, Golden Rock Building, No. 168 Salcedo St., Legaspi Village, Makati City, 1229, Philippines
Tel: 63-2-818-1707 Fax: 63-2-816-1516

22 Taikisha (Singapore) Pte. Ltd.	1985

151 Chin Swee Road, #01-46 Manhattan House, Singapore 169876
Tel: 65-6223-9928 Fax: 65-6223-9328

23 Taikisha Engineering (M) Sdn.Bhd.	1989

Suite 20.2, 20th Floor, Bangunan MAS, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
Tel: 60-3-2161-5711 Fax: 60-3-2161-9644

Shah Alam Office
No.4,1st & 2nd Floor, Jalan Sepadu B25/B, Axis Premier Industry Park, 41000 Shah Alam, Malaysia
Tel: 60-3-5121-2232 Fax: 60-3-5121-2231

Penang Office
No.1896, 1st Floor, Jalan Pulasan, Taman Sri Mangga, 14000 Bukit Minyak, Bukit Mertajarn, Palau Penang, Malaysia
Tel: 60-4-508-9515 Fax: 60-4-508-1873

24 Makiansia Engineering (M) Sdn. Bhd.	1981

No.141, Jalan SS 17/1A, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel: 60-3-5635-2394 Fax: 60-3-5634-7004

25 P.T. Taikisha Indonesia Engineering	1990

New Summitmas Building 6th Floor, Jl. Jend. Sudirman Kav. 61-62, Jakarta Selatan, 12190 Indonesia
Tel: 62-21-522-6420 Fax: 62-21-520-2516

26 PT. Taikisha Manufacturing Indonesia	2004

Jl. Permata V Lot EE-5, Kawasan Industri KIIC, Karawang 41361, West-Java, Indonesia
Tel: 62-21-8911-4831 Fax: 62-21-8911-4833

27 Taikisha Engineering India Ltd.	1995

Plot No. 404, Udyog Vihar, Phase-IV, Gurgaon-122 001 Haryana India
Tel: 91-124-234-8246 Fax: 91-124-234-8247

28 Taikisha Europe Ltd.	1997

5th Floor, Delta View, 2309 Coventry Road, Sheldon, Birmingham B26 3PG, U.K.
Tel: 44-121-700-1140 Fax: 44-121-742-4035

France Branch
11 rue Jacques Cartier, Immeuble QUEBEC, 78280 Guyancourt, France
Tel: 33-1-61-37-00-50 Fax: 33-1-30-57-03-87

Hungary Branch
Please forward inquiries to Mr.Sappa at the Taikisha Europe

Rumania Branch
Please forward inquiries to Mr.Sappa at the Taikisha Europe

Turkey Branch
Please forward inquiries to Mr.Sappa at the Taikisha Europe

29 Taikisha España, S. A.	1987

Zuricenter, C/Velazquez, 53. 2-Izda. 28001 Madrid, Spain
Tel: 34-91-131-0600 Fax: 34-91-131-0666

Corporate Information

CORPORATE DATA

Corporate Name:
Taikisha Ltd.

Head Office:
ShinjukuSumitomo BLDG.,
6-1, 2chome Nishi-Shinjuku, Shinjuku-ku,
Tokyo, 163-0225
Tel: 81-3-3344-1851
Fax: 81-3-3342-5590

Established:
April 10, 1913

Revenue:
¥183,034 million
(Consolidated: year ended March 2008)

Number of Employees:
3,507 (Consolidated: as of March 2008)

ISO Certification Obtained

ISO 9001

- Green Technology System Division, Paint Finishing System Division
- TKS Industrial Company
- Wuzhou Taikisha Engineering Co., Ltd.
- Taikisha Philippines Inc.
- Taikisha (Thailand) Co., Ltd.
- Taikisha Engineering (M) Sdn. Bhd.
- Taikisha (Singapore) Pte. Ltd.
- Taikisha Europe Ltd.
- Taikisha (Taiwan) Ltd.
- P.T. Taikisha Indonesia Engineering

ISO 14001

- Green Technology System Division, Paint Finishing System Division
- TKS Industrial Company
- Taikisha Europe Ltd.

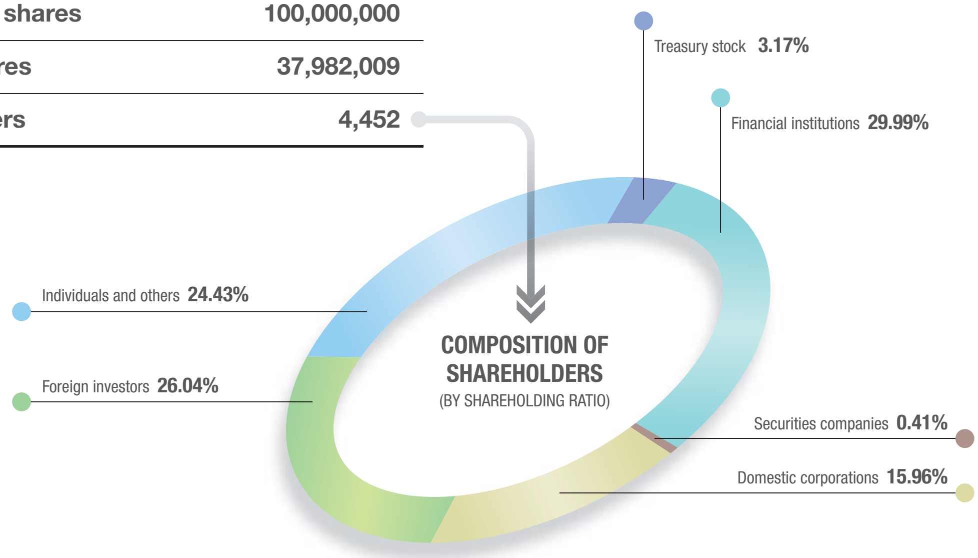
HISTORY

Since 1913

1913	Kenzaisha (former name of Taikisha Ltd.) founded
1971	N.J. Axivane Co., Ltd. established Thai Kenzaisha Co., Ltd. established in Bangkok
1973	Company name changed to Taikisha Ltd.
1976	San Esu Industry Co., Ltd. established
1980	Shares listed on the First Section of the Tokyo Stock Exchange
1981	TKS Industrial Company established in U.S.A.
1983	Thai Kenzai Trading Co., Ltd. established in Bangkok
1985	Branch office opens in Singapore Taikisha Canada Inc. established in Toronto
1986	Nippon Noise Control Ltd. established
1987	Taikisha España S.A. begins operations in Madrid
1989	Taikisha (Taiwan) Ltd. established in Taipei Custom-Ace Ltd. established Taikisha Engineering (M) Sdn. Bhd. established in Kuala Lumpur, Malaysia Branch office opens in Melbourne, Australia
1990	P.T. Taikisha Indonesia Engineering established in Jakarta Taikisha de Mexico, S.A. de C.V. established in Mexico City
1994	Wuzhou Taikisha Engineering Co., Ltd. established in Beijing, China
1995	Taikisha Engineering India Ltd. established in New Delhi Taikisha Philippines Inc. established in Manila Taikisha Argentina S.A. established in Buenos Aires Representative office opens in Ho Chi Minh City, Vietnam
1996	Taikisha do Brasil Ltda. established in São Paulo, Brazil Taikisha Korea Ltd. established in Seoul, Korea (formerly Donki TEC Ltd. established in 1992)
1997	Representative office opens in Hong Kong Taikisha Europe Ltd. established in Birmingham, U.K. (formerly Taikisha UK Ltd. established in 1989)
1998	Taikisha Vietnam Engineering Inc. established in Hanoi Branch office opens in Yangon, Myanmar
1999	Branch office of Taikisha Europe opens in Valenciennes, France
2000	Tokyo Taikisha Service Ltd. established (formerly Atmos Service Ltd. established in 1987) Taikisha Hong Kong Limited established
2001	Thai Kenzaisha Co. Ltd. renamed Taikisha (Thailand) Co., Ltd. Thai Kenzai Trading Co., Ltd. renamed Taikisha Trading (Thailand) Co., Ltd.
2003	Company reorganized into three division structure
2004	Singapore branch office closed. Subsidiary Taikisha (Singapore) Pte. Ltd. established R&D facilities integrated as Research and Development Center in Kanagawa prefecture P.T. Taikisha Manufacturing Indonesia established Taikisha Argentina S.A. liquidated
2006	Established the company-wide Compliance Committee and the Compliance Division
2007	Reorganized businesses into two division structure comprising the Green Technology System Division and the Paint Finishing Division

Investor Information (As of March 31, 2008)

Authorized number of shares	100,000,000
Issued number of shares	37,982,009
Number of shareholders	4,452



PRINCIPAL SHAREHOLDERS

	Number of Shares Held (Thousands)	Percentage of Voting Rights (%)
Northern Trust Company (AVFC) Sub-account American Clients	4,839	13.17
Kenzaisha Ltd.	2,000	5.44
National Federation of Agricultural Co-operative Associations (ZEN-NOH)	1,797	4.89
The Master Trust Bank of Japan, Ltd.	1,619	4.41
Keiji Uenishi	1,401	3.81
Nippon Life Insurance Company	1,202	3.27
Ruriko Uenishi	1,089	2.96
Shareholding Collaborative Companies of Taikisha Ltd.	1,022	2.78
Daini-Kenzaisha Ltd.	1,000	2.72
CBNYDFA International Cap Value Portfolio	898	2.44

Note: In the Number of Shares Held above, amounts are rounded down to the nearest 1,000 shares.

TAIKISHA Global Site
(http://www.tks-group.com/)

TAIKISHA Japanese Site
(http://www.taikisha.co.jp/index.html)

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www.tks-group.com

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