TAIKI-SHA

Annual Report 2014

APR. 2013 - MAR. 2014

Corporate Policy: "Customers First"

Customers are broadly interpreted as general society.
The spirit of "Customers First" is to obtain ceaseless trust from our customers.
For this purpose, we must conscientiously put forth our best effort in all areas of business, based upon the philosophy that behavior of a person or a company will generate benefits and happiness for one's counterpart.

Corporate Philosophy

1. Establishing a company that can perpetually grow and contribute to the society

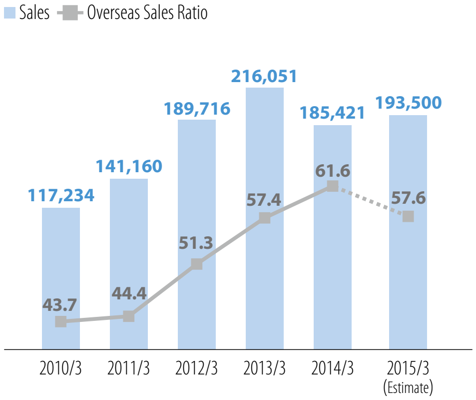
1) Make efforts to continue growth through increasing added value, and aim to create prosperity for customers and affiliated companies as well as affluent lives for employees.

2) Make efforts to create an affluent environment and to advance industrial society, with an aim at making a contribution to society through technology that matches the needs of society.

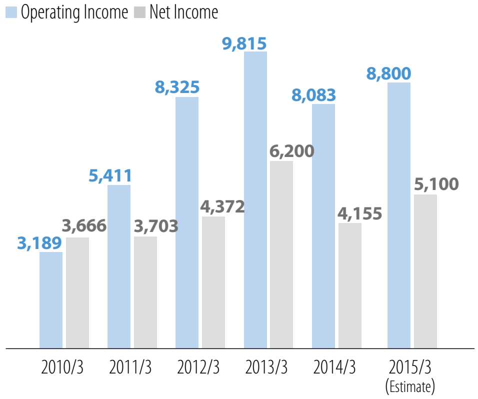
Philosophy and Vision

Financial Highlights

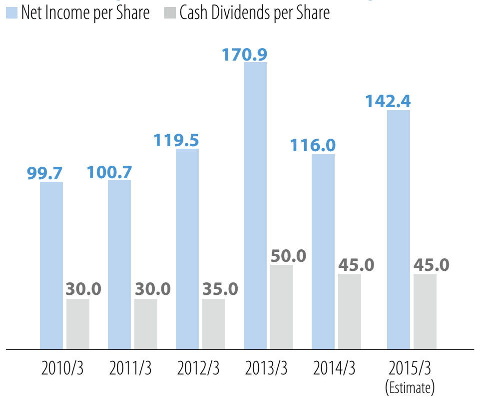
Sales & Overseas Sales Ratio (Millions of yen, %)



Operating Income & Net Income (Millions of yen)



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



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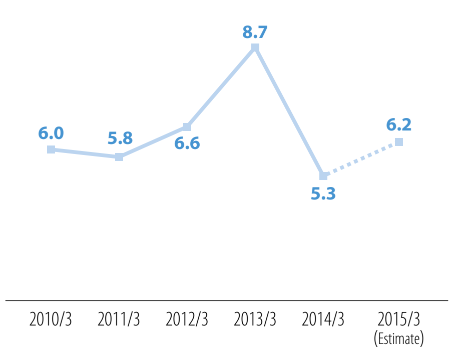
2. Creating an attractive company

1) Aim at creating a motivation-oriented company where the creativity and vitality of each employee will be realized through their work.

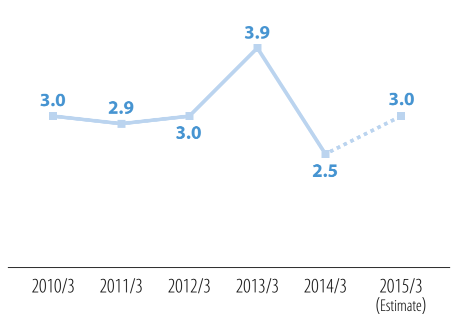
2) Aim at creating a company with an organization and corporate culture in which company goals will be achieved through the combined efforts of all employees under a spirit of mutual trust, cooperation, and rationality.

3) Aim at creating a unique company in all areas of company operations, including technology, market, and development of human resources, through amassing the expertise of “energy, air, and water”.

ROE (%)



ROA (%)



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To Our Stakeholders

We will continue to expand business with our advantage in the global network and environmental technologies.

During the fiscal year ended March 31, 2014, the business environment surrounding us remained under severe conditions due to the inactive capital investment in the manufacturing industry although new and renewal building construction demands increased in Japan.

In overseas results, China showed decelerating trend in economic growth. In emerging countries such as the ASEAN region, due to the low domestic demand growth caused by worsened business confidence, political uncertainty, etc., the capital investment in private sector was inactive temporarily.

Under this business environment, in spite of our various initiatives to enhance cost competitiveness and earning capacity, such as purchase information sharing as well as policies focusing on getting orders for profitable project, and thorough implementation of the cost-reduction measures, the business results for the fiscal year ended March 31, 2014, showed the decrease in the orders received, net sales as well as net income compared with the previous period.

Regarding the future business environment, prospects for domestic economic condition is expected to be brighter including "Abenomics effect" as well as hosting of Tokyo Olympic Games in 2020. In the construction industry as well, the construction demands are expected to steadily grow in the future.

On the other hand, it is forecasted that the real GDP growth rate of the emerging countries in Asia, including China, is expected to be around the latter half of 6% in 2014 and 2015 according to the IMF World Economic Outlook in April of 2014. Accordingly, the Asian markets are still expected to grow in the mid-to-long-term, and we think that construction investment will also continue to grow in the future. Regarding the automobile maker who is our major customer in Paint Finishing System Division, the capital investment is also anticipated to be up-trend reflecting the continuous growth of the world vehicle production.

Based on this business environment outlook, our business results for the fiscal year ending March 31, 2015 are expected to increase in orders received as well as net sales and net income compared with the previous period.

In order to ensure to achieve these earnings forecasts, based on our "Customers First" corporate policy, we will further expand our business on a global scale while continuing to contribute to the global environment by deploying our environmental technologies associated with "energy, air and water".

We respectfully ask your understanding of our management policies and your continued support.

Satoru Kamiyama
President and Representative Director

S. Kamiyama

Q1 It seems necessary to expand business operation in order to achieve the earnings forecasts for the fiscal year ending March 31, 2015. What specific initiatives will you promote?

We would like to explain three measures in order to expand our business operation.

The first is measures for more penetration into overseas markets.

In overseas projects, we have to compete with local companies. We believe that, in addition to cost and quality, our designs, which are excellent in the energy-saving aspect as well as construction along with strictly keeping delivery times are also our strengths which cannot be seen in local companies.

We will continue to allocate management resources in an optimized manner based on the objective and quantitative global marketing analysis, steadily incorporate demands by pursuing the potential growth of the market and customers' trends across the border.

The second is measures for domestic markets. In Tokyo, increase in demands for new construction, reconstruction and renewal construction is expected due to holding of the Olympic Games. Especially, demands for HVAC renewal construction for the purpose of energy saving are increasing in anticipation of rise in electricity rates as well as reduction in CO_2 emission. Therefore, we will promote our activities for proposing energy-saving technologies which meet the customer needs.

The last is measures for new business development. The Green Technology System Division will provide products and services satisfying market needs, including "plant factory", "Hydrogen Peroxide-Based Decontamination System", "Environmental Test Laboratory". The Paint Finishing System Division will, as part of measures for expanding business to peripheral fields, work on technology development and cost reduction for painting robot, paint feeding system, conveyor system, etc. as well as strengthen the after-sales follow-up system, with an aim to secure more orders.

With regard to business or capital alliances, both divisions will proactively consider alliances whether domestic or overseas, if it gives complement customer segment and technologies and synergy to the partner and us.

Along with the initiatives mentioned above, our management will focus on not only profit and loss accounts but also balance sheet and cash flow and strive to improve our corporate value from the mid-and-long-term viewpoint.

Q2 It also seems important to establish internal systems to support expansion of business. How will you manage this matter?

Regarding internal systems toward borderless business expansion, we would like to explain two major items.

The first is to develop employees who can respond to both domestic projects and overseas projects. I personally think that "multinational" viewpoints are important that enable to pursue marketable level of services in country by country with incorporating the needs from the field.

Therefore, we have to understand more about different cultures of each country and acquire capabilities to bridge the cultural gap. Not only that, we will also need to "visualize" the business operations and its rationality in each country and lead to improvement of national staff's capabilities.

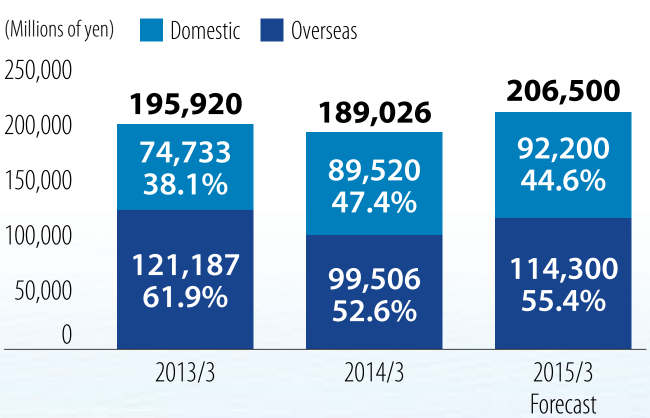
The second is to strengthen the management base. In order to enhance international competitiveness in each business field, we think that establishment of a global management infrastructure is urgently needed. Based on that, we will share the Taikisha's flexible corporate culture and spirit, which can incorporate different values, on a group-wide level, and establish a management system with excellent mobility, which enables us to quickly discover issues and immediately respond to them.

Q3 While overseas construction markets are slightly decelerating now, tide seems to be running in favor of the Japanese construction markets. What are your policies in response to the changes in domestic and overseas market environments?

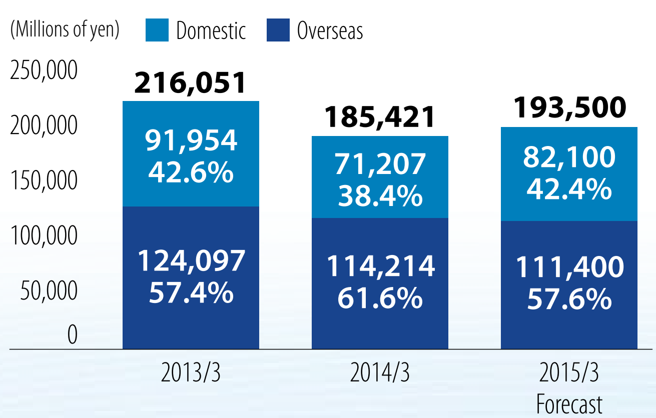
In Japan, with the "Abenomics effect", Tokyo Transforming projects have been driven by hosting of Tokyo Olympic Games, and therefore, prospects has become brighter. Due to inflation concerns, we would like to promote our business with keeping balance between orders volume and the profitability.

In other countries although the prospect for growth rate has been stagnant in some emerging countries on a temporary basis, we expect that investment will continue in the mid-to-long-term. Therefore, we are planning to continuously make preferential allocation of management resources to overseas markets. In addition, we will expand our overseas business by further enhancing global network which is our advantage.

Consolidated Orders Received



Consolidated Sales



Q4 How are the results of the alliance with Geico S.p.A.?

We made business and capital alliance with a painting equipment company Geico S.p.A. (Milan, Italy) in May 2011. The major strengths of Geico S.p.A. are a number of business results with European automakers as well as their subsidiaries in 4 BRIC countries (Brazil, Russia, China and India) and U.K.. Since these strengths and the business / capital alliance with Taikisha were well evaluated, Geico S.p.A. was able to receive orders for new large-scale paint plant projects in Brazil from Fiat Group in December of 2012 and in Russia from AvtoVAZ in April of 2013 respectively.

As the "Taikisha - Geico Global Alliance," we will continue to develop strengths of both in technology and market presence, thus promoting active and continuous business in highly growing markets.

Q5 What is your policy on shareholders returns?

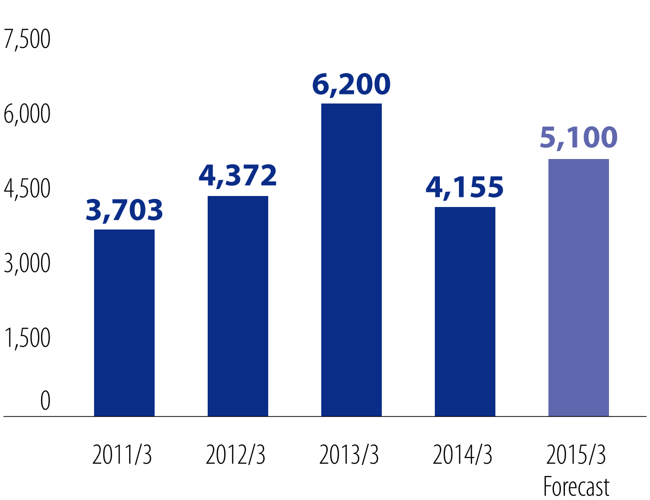
We consider the return of profits to our shareholders through dividends as one of our most important responsibilities. While targeting a consolidated dividend payout ratio of 30%, we plan to make these returns from the perspective of dividend stability.

The dividend for the fiscal year ending March 31, 2015 is expected to be ¥45/share in total, the sum of interim dividend per share: ¥20; year-end dividend per share: ¥25.

We acquired 800,000 shares of the Company's common stocks during the fiscal year ended March 31, 2014. We consider continuing to acquire treasury stocks for the purpose of improving our capital efficiency as well as realizing flexible financial policy.

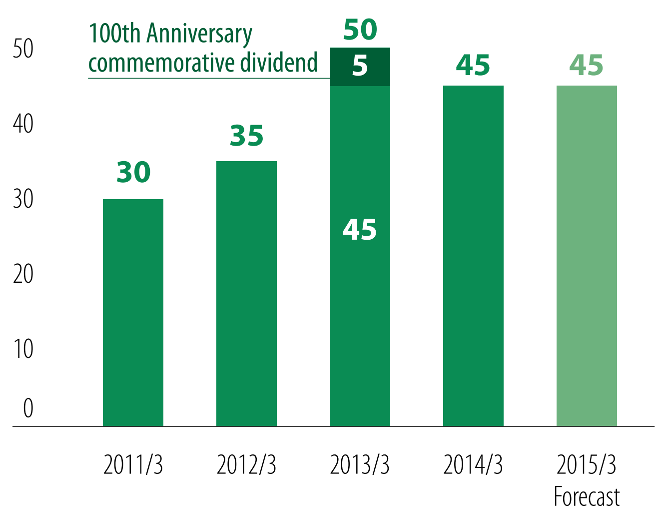
Net Income

(Millions of yen)



Cash Dividends per Share

(Yen)



The Company paid a performance-based dividend of ¥45 per share for the fiscal year ended March 2014. It plans to pay the dividend to ¥45 per share for the fiscal year ending March 2015.

Green Technology System Division

Business Overview / Business Report for the Fiscal Year under Review

Green Technology System Business is mainly consist of an Industrial HVAC* business (for clean rooms and other manufacturing facilities) and a Building HVAC business (for office buildings) that designs and constructs HVAC systems both in Japan and overseas.
Against the backdrop of overseas expansion of many Japanese companies, the Company has been proactively incorporating the construction demands arising from such expansion.
In the Building HVAC system business, hosting of the Tokyo Olympic Games in 2020 boosts the demands for new construction / reconstruction / renewal work, and the Company will expand orders with promoting proposal for energy-saving technologies.
With regard to Green Technology System Division's results for the fiscal year ended March 31, 2014, orders received totaled ¥126,058 million (1.1% year-on-year increase), and net sales totaled ¥115,447 million (15.9% year-on-year decrease).

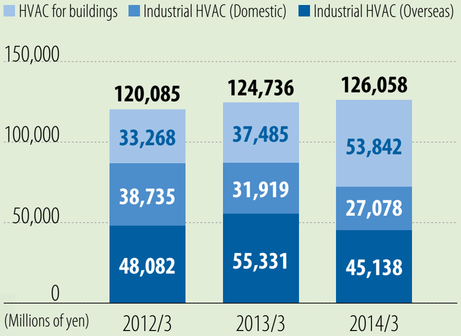
*Heating, ventilation, and air conditioning

Topics

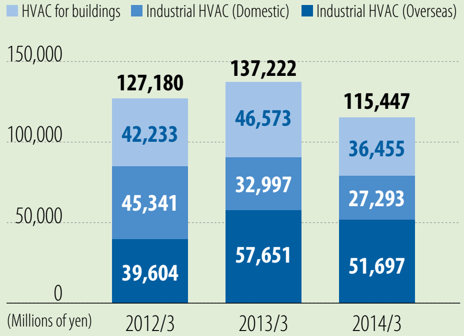
Completion of Kyobashi Trust Tower

"Kyobashi Trust Tower" in Tokyo, whose HVAC system was supplied by the Company, was completed construction in February, 2014. This building has been attracting attention due to its high environmental and disaster prevention function. By introducing various systems for reducing environmental loads, including the high-efficiency package air conditioning and HVAC that employs total heat exchanger, etc. Due to these systems, it drastically controls CO_2 emission its environmental function is rated the highest ranking "AAA" under "Energy Saving Evaluation Document System" of Tokyo Metropolitan Government. In terms of disaster prevention function, it is equipped with the industry's highest level of BCP-compatible system which is capable of supplying the power up to a maximum of about one week in an emergency.

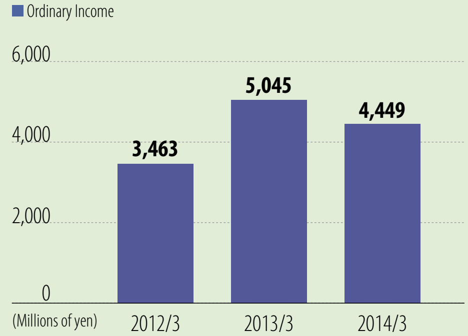
Orders Received by Segment



Sales by Segment



Ordinary Income by Segment



Topics

Establishment of new consolidated subsidiary "Taikisha Myanmar Co., Ltd."

Taikisha Myanmar Co., Ltd. is the Company's newest consolidated subsidiary established in December, 2013. Its scope of business is designing / construction / maintenance service for HVAC, electric, sanitary and paint finishing systems. The Company has its consolidated subsidiaries in neighboring countries, including Thailand, Vietnam, Cambodia, Singapore, Malaysia, India, etc.; therefore, the Company already has a well-established support system for operation activities in Myanmar. By making full use of this advantage, the Company will proactively promote sales activities, aiming to achieve 3 billion yen (orders received) in FY2016 which is three years later.

Memorial party of Taikisha Myanmar Co.,Ltd. establishing

Paint Finishing System Division

Business Overview / Business Report for the Fiscal Year under Review

Paint Finishing System Business is mainly consist of an automobile paint plant design and construction business, whose major customer is domestic and overseas automobile manufacturers. The business of the Company has one of the largest sales in this field globally. As automobile production volume has been steadily increasing in the world, emerging countries, such as China and India, are especially expected to significantly grow; therefore, the Company is continuously making preferential allocation of management resources to them. Moreover, the Company will also proactively work to expand its operations to peripheral fields, including conveyor system for automobile bodies, paint equipment, paint feeding system, etc. With regard to Paint Finishing System Division’s results for the fiscal year ended March 31, 2014, orders received totaled ¥62,967 million (11.5% year-on-year decrease), and net sales totaled ¥70,046 million (11.2% year-on-year decrease).

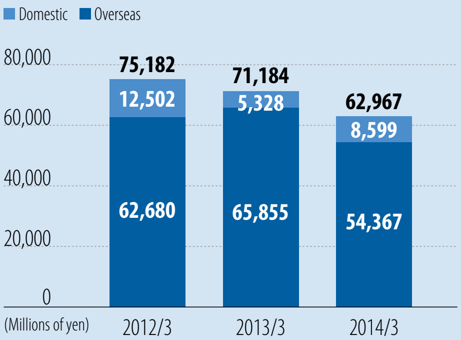
Topics

Completion of new paint plant of Honda Mexico

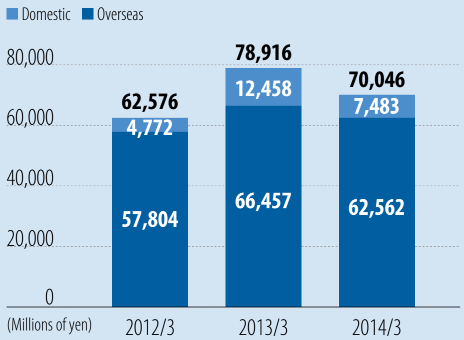
New paint plant of Honda Mexico (Celaya City, State of Guanajuato) was completed in February, 2014. This new plant is the second plant for Honda Mexico and plans to manufacture small-size vehicles for the North America market. Furthermore, in this plant, the cutting-edge production technology has been introduced from the Saitama Factory's Yorii Plant in Japan, which is the mother factory of Honda and whose entire paint finishing system was supplied by the Company.

Honda has been promoting "energy saving / resource saving" and "zero emission" under its "Green Factory Plan". In the project of this new plant, the Company was responsible for designing and installation a set of paint finishing system, which has energy-saving paint process, etc. and the Company’s work supported this "Green Factory Plan".

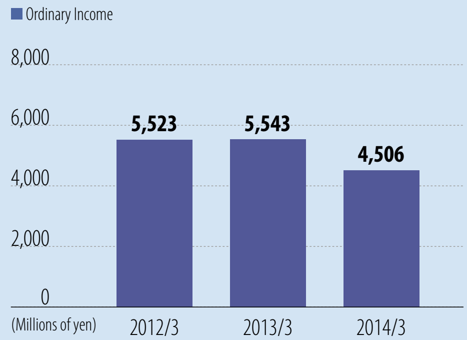
Orders Received by Segment

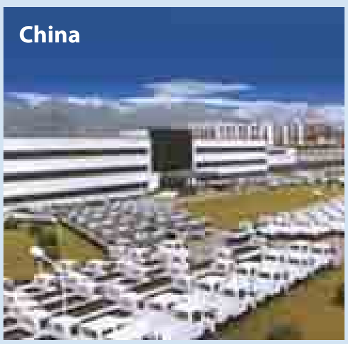


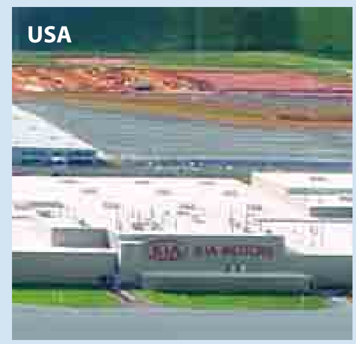
Sales by Segment

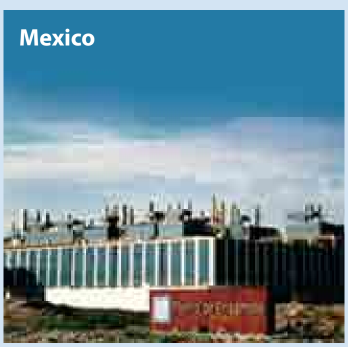


Ordinary Income by Segment







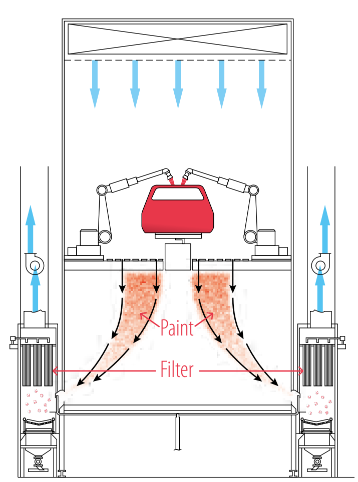


Topics

Development of new paint booth

Automobiles are painted within a space called "Paint Booth" that is adjusted with the optimum cleanliness and temperature / humidity conditions so that the exterior of automobiles would be beautiful finish without any adhesion of dust and color unevenness.

In conventional paint booths, the misty and floating paint in the air, which does not adhere to automobile body when it is sprayed, gets collected under the floor by using downward air current and attaching to water. Therefore, facilities for processing water and drying the air in the booth were necessary as fixtures and fittings. The Company developed an innovative new paint booth which collects paint by using powdered calcium carbonate and dry-type filter without using any water. Since facilities for processing water and drying air are no longer required, the running cost and CO_2 emission can reduce by approximately 30% and 50% respectively as compared to conventional paint booth.



CSR Initiatives

Taikisha Group aims to be trusted and considered a faithful company by a large number of stakeholders, such as employees, customers, clients, and other involved parties.

Taikisha Group aims to be trusted and considered a faithful company.

We strive to conduct CSR activities to contribute towards creating a sustainable society and global environment by using our technologies to conserve the environment, returning profits to our shareholders and society through our sound business operations, and creating prosperity for customers and clients as well as providing comfortable lives for employees through our constant growth in accordance with our corporate philosophy, "establish a company that can perpetually grow and contribute to the society" and "create an attractive company." In addition, we make every effort to create a corporate culture with a high level of corporate ethics to thoroughly observe the applicable laws and ordinances and to gain our stakeholders' trust as a faithful company.

Contributions to Society

Environmental ISO activities, contributions to energy conservation through eco-friendly technologies, provision of exhaust detoxification technologies, reduction of our impact on global warming

Customer Confidence

Quality control, activities based on the ISO 9001 standard, development of technologies that meets users' needs

Compliance Information

Various activities, such as the creation of a corporate culture in which all applicable laws and ordinances are observed, formulation of a code of conduct, board resolutions regarding compliance with the Anti-monopoly Law and other relevant laws in business operations, implementation of compliance education for all employees, and other relevant activities are conducted under the instruction of the Corporate Compliance Committee.

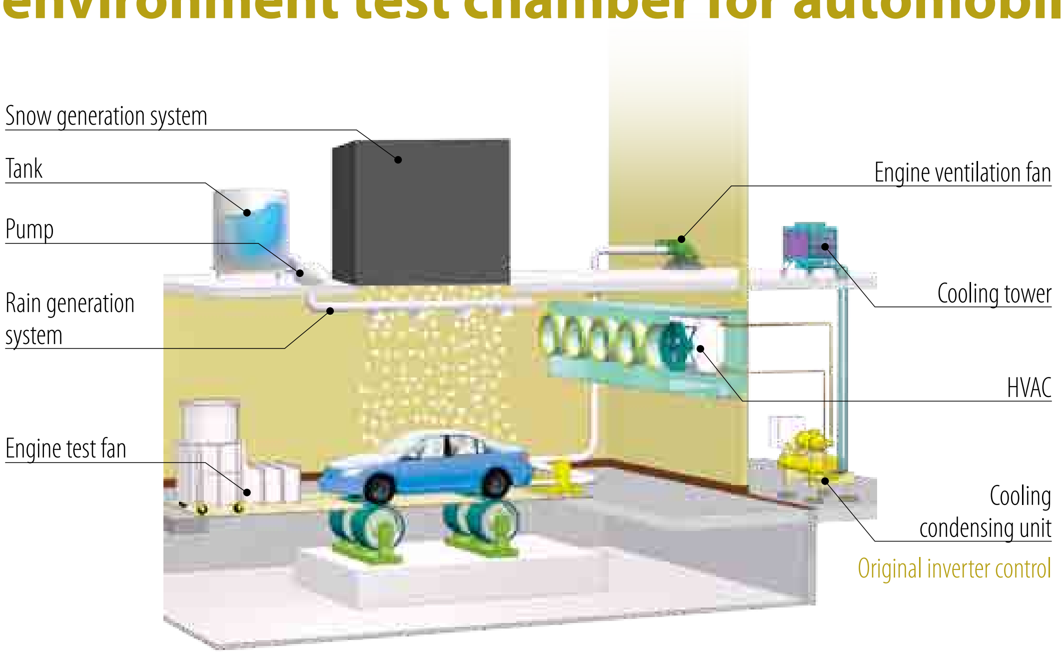
Corporate Governance

Basic policy

The Group has established its management vision: "We observe the spirit of the law, perform business transactions through free and fair competition, and contribute to customers, clients, shareholders, employees, communities, society, and the global environment through our transparent and highly ethical management values." Under this management vision, the company has made it a basic policy to thoroughly incorporate compliance awareness, gain the trust of all stakeholders, aim to become a corporate group that grows and develops in a healthy manner, and realize fair and highly transparent management.

Environmentally Friendly Technologies

Energy consumption reduction with the all-weather environment test chamber for automobiles

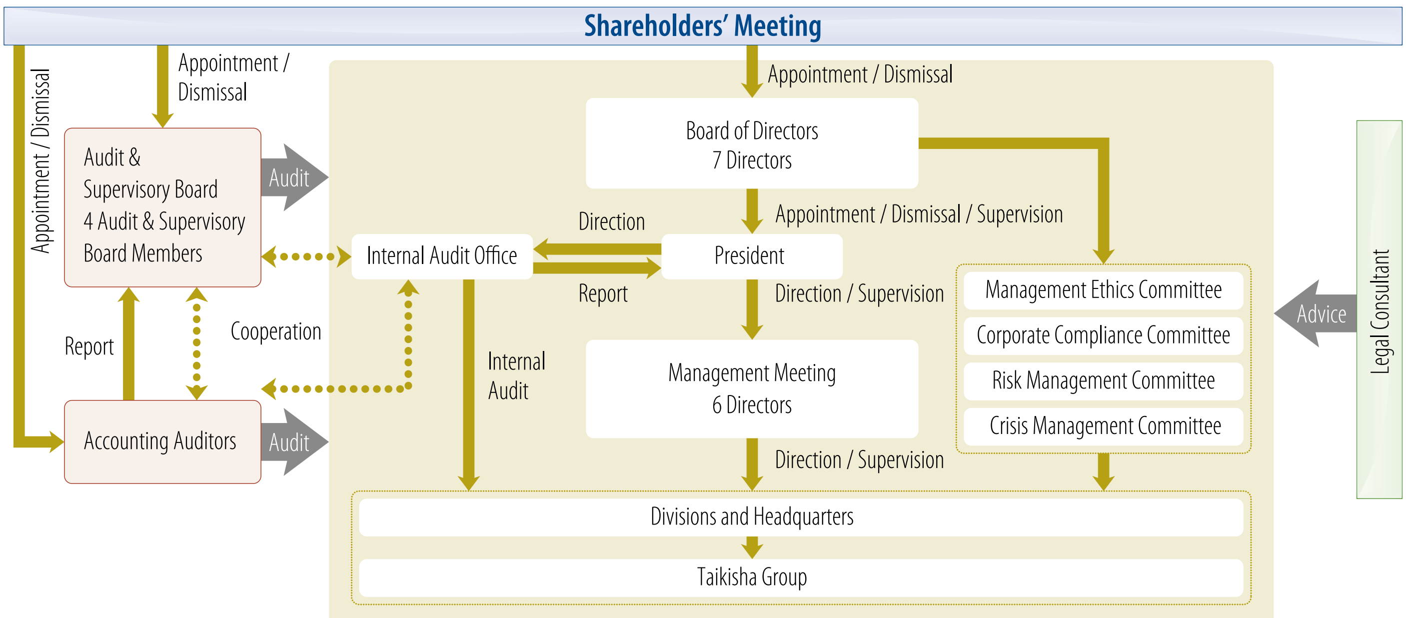


Snow generation system

Compliance Information

Taikisha conducts its operations in accordance with its corporate philosophy and Code of Conduct, observes all the laws and ordinances related to its business, and makes every effort to implement fair and sound business practices. In addition, we have installed a Corporate Compliance Committee, Green Technology System Division Compliance Committee, and Corporate Compliance Department in order to remind all employees to observe the relevant laws and ordinances.

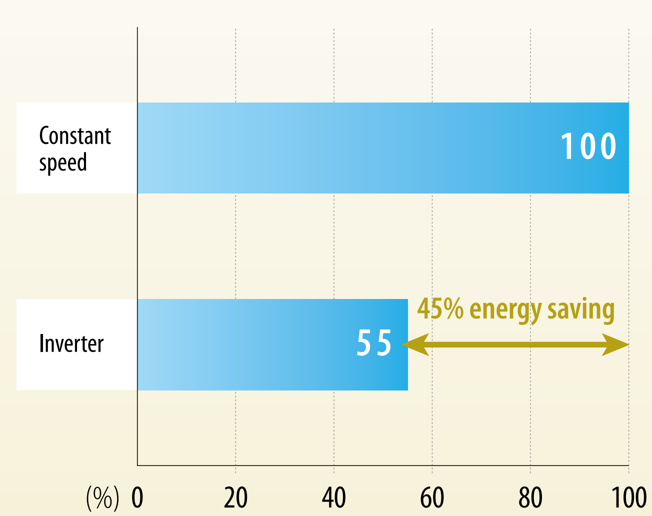
Conceptual Diagram of Corporate Governance



In order to realize automobile performance test which can withstand various types of environments, including severe heat in Africa and extreme cold in Siberia, it requires experiment spaces that can reproduce these kinds of conditions. In actual natural environment, there are many different elements of weather conditions, including not only temperature/humidity but also solar radiation, rainfall, and snowfall. The Company's environment test chamber for automobiles is able to reproduce all of these weather conditions. In addition, original inverter control technology of the Company is able to maintain system operation output in the most efficient conditions according to the set temperature. As a result, the system can save energy by 45% as compared to the constant-speed system without inverter control. Not only that, regarding accuracy in temperature control (HVAC outlet temperature), temperature can be stably controlled within the range of ±0.5℃ while the temperature range is usually ±1 – 2℃ with general temperature control technology.

In the future as well, the Company will develop technologies suitable for market needs, such as environment test chamber for automobiles, striving to expand the Company's business fields.

Reduction in energy consumption with inverter control technology



MANAGEMENT'S DISCUSSION AND ANALYSIS

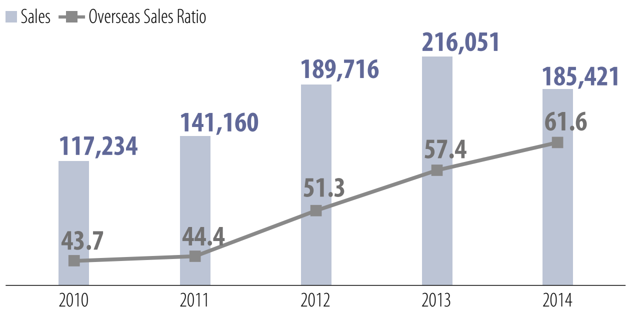
FIVE-YEAR SUMMARY : Taikisha Ltd. and its Consolidated Subsidiaries for the years ended March 31, 2010 to 2014

	Millions of yen (except per share amounts)					Thousands of U.S. dollars
CONSOLIDATED	2010	2011	2012	2013	**2014**	**2014**
Orders received:	¥118,667	¥165,638	¥195,268	¥195,920	**¥189,026**	**$1,836,635**
Green Technology System Division						
Environmental facilities(HVAC for building)	34,980	32,278	33,268	37,485	**53,842**	**523,146**
Industrial facilities(industrial HVAC)	50,383	79,416	86,817	87,251	**72,216**	**701,677**
Paint Finishing System Division	33,303	53,943	75,182	71,184	**62,967**	**611,812**
Sales:	¥117,234	¥141,160	¥189,716	¥216,051	**¥185,421**	**$1,801,607**
Green Technology System Division						
Environmental facilities(HVAC for building)	26,804	30,857	42,233	46,573	**36,455**	**354,214**
Industrial facilities(industrial HVAC)	51,121	72,268	84,943	90,641	**78,989**	**767,480**
Paint Finishing System Division	39,307	38,034	62,540	78,837	**69,976**	**679,913**
Net income	3,666	3,703	4,372	6,200	**4,155**	**40,377**
Comprehensive income	–	2,261	4,255	11,006	**10,852**	**105,448**
Total assets	¥121,894	¥132,698	¥156,108	¥163,014	**¥166,680**	**$1,619,515**
Total net assets	66,263	66,978	69,602	78,537	**84,712**	**823,088**
Equity ratio (%)	52.3	48.8	42.9	46.2	**48.3**	**–**
Return on equity (%)	6.0	5.8	6.6	8.7	**5.3**	**–**
Net income per share	¥99.73	¥100.73	¥119.52	¥170.99	**¥116.08**	**$1.13**
Cash dividends per share	30.00	30.00	35.00	50.00	**45.00**	**0.44**
Net assets per share	1,734.49	1,762.28	1,834.99	2,087.16	**2,282.56**	**22.18**

NON-CONSOLIDATED						
Orders received:	¥78,272	¥84,349	¥102,248	¥88,223	**¥104,576**	**$1,016,093**
Green Technology System Division						
Environmental facilities(HVAC for building)	33,994	30,950	31,736	36,075	**51,477**	**500,173**
Industrial facilities(industrial HVAC)	29,246	34,695	38,305	31,815	**27,478**	**266,988**
Paint Finishing System Division	15,032	18,703	32,206	20,332	**25,620**	**248,933**
Sales:	¥75,971	¥89,763	¥109,205	¥107,049	**¥86,200**	**$837,546**
Green Technology System Division						
Environmental facilities(HVAC for building)	25,786	29,557	40,947	44,929	**34,532**	**335,529**
Industrial facilities(industrial HVAC)	30,956	38,553	45,091	32,777	**28,041**	**272,456**
Paint Finishing System Division	19,228	21,651	23,166	29,342	**23,626**	**229,560**

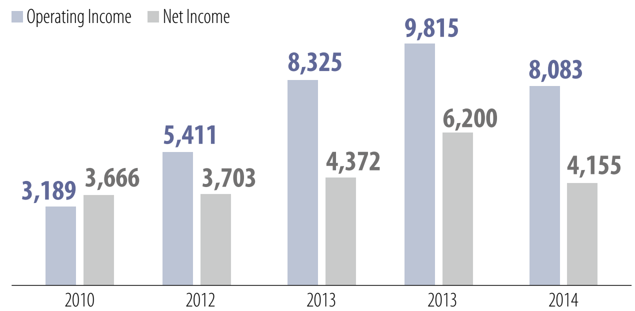
Sales & Overseas Sales Ratio

(Millions of yen, %)



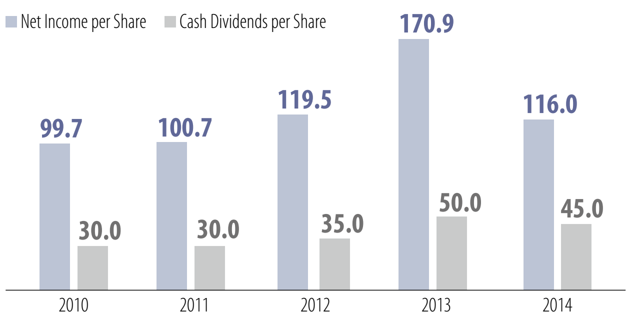
Operating Income & Net Income

(Millions of yen)



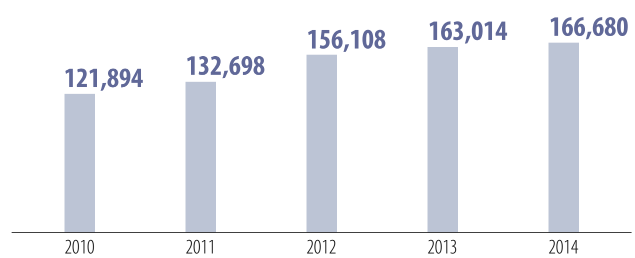
Net Income per Share & Cash Dividends per Share

(¥)



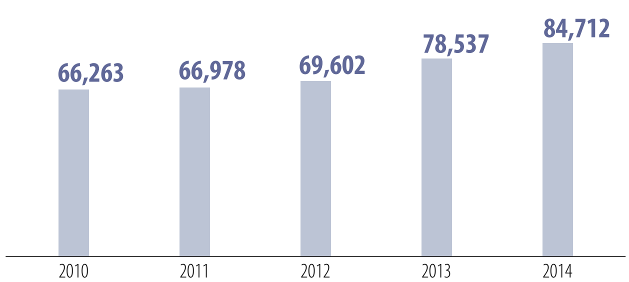
Total Assets

(Millions of yen)



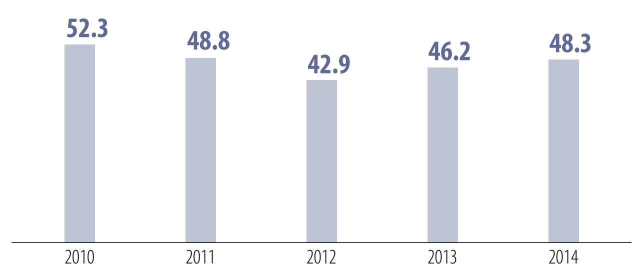
Total Net Assets

(Millions of yen)



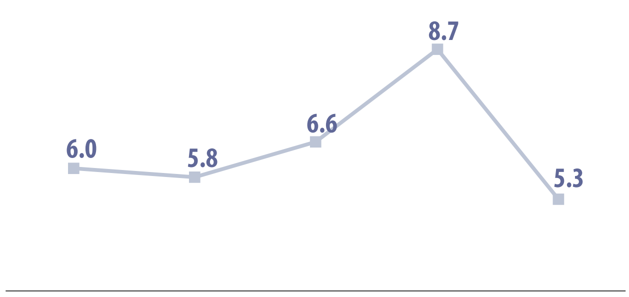
Equity Ratio

(%)



ROE

(%)



ROA

(%)

RESULTS OF OPERATIONS (OVERVIEW)

The results for the fiscal year ended March 31, 2014

Earnings Overview

The world economy for the fiscal year ended March 31, 2014 was as follows. The U.S. economy gradually recovered as well as the European economy showed the movement towards recovery. On the contrary, there was a tendency of slowdown in Chinese economic growth. In addition, there was a tendency of sluggish economic growth of emerging countries in ASEAN region, because the observation of reduction of U.S. quantitative easing led to capital outflow from these countries, political instability, and so on. As for Japanese economy, it gradually recovered, such as exportation and production increased due to correction of the yen appreciation.

In this situation, consolidated orders received decreased 3.5% year-on-year to ¥189,026 million, including overseas orders received of ¥99,506 million which decreased 17.9% year-on-year, because orders received decreased mainly in North America, Brazil, and Thailand, though it increased in Japan.

Consolidated sales decreased 14.2% year-on-year to ¥185,421 million, including overseas sales of ¥114,214 million which decreased 8.0% year-on-year, because sales mainly decreased in Japan, China, Singapore, and Thailand.

Gross profit decreased ¥1,335 million year-on-year to ¥26,341 million, operating income decreased ¥1,732 million year-on-year to ¥8,083 million, and ordinary income decreased ¥1,436 million year-on-year to ¥9,292 million. One of the main reasons for the decrease of them is that consolidated sales decreased ¥30,630 million year-on-year, though gross profit ratio increased 1.4% year-on-year to 14.2% as a result of focusing more on profitability in sales activities as well as cost cutting.

Net income decreased ¥2,045 million year-on-year to ¥4,155 million, as a result of adding up gain on sales of investment securities of ¥1,219 million as extraordinary income, though adding up provision for loss on Anti-Monopoly Act of ¥592 million and provision of reserve for loss on dissolution of employees' pension fund of ¥651 million as extraordinary losses.

Earnings by reporting segments (including intersegment transactions) are as follows.

Green Technology System Division

Consolidated orders received in Green Technology System Division increased because the orders received in building HVAC was favorable. Consolidated sales decreased due to reduction of volume of construction in both building HVAC and industrial HVAC.

As a result, consolidated orders received increased 1.1% year-on-year to ¥126,058 million. Orders received for building HVAC increased 43.6% year-on-year to ¥53,842 million and for industrial HVAC decreased 17.2% year-on-year to ¥72,216 million. Consolidated sales decreased 15.9% year-on-year to ¥115,447 million. Sales for building HVAC decreased 21.7% year-on-year to ¥36,455 million and sales for industrial HVAC decreased 12.9% year-on-year to ¥78,991 million. Ordinary income decreased ¥596 million year-on-year to ¥4,449 million.

Paint Finishing System Division

Consolidated orders received in Paint Finishing System Division decreased because the Companies received large construction orders for auto manufacturers mainly in North America and Brazil last year. Consolidated sales decreased due to reduction of volume of construction contracts mainly in Japan, China, and North America.

As a result, consolidated orders received decreased 11.5% year-on-year to ¥62,967 million, consolidated sales decreased 11.2% year-on-year to ¥70,046 million. Ordinary income decreased ¥1,037 million year-on-year to ¥4,506 million.

Financial Condition

Assets

As of March 31, 2014, current assets increased 1.3% year-on-year to ¥131,613 million. It is mainly because cash and deposits increased ¥9,700 million, costs on uncompleted construction contracts increased ¥1,987 million, though notes receivable, accounts receivable from completed construction contracts and other decreased ¥8,652 million, and securities decreased ¥995 million, year-on-year.

Noncurrent assets increased 6.1% year-on-year to ¥35,067 million. It is mainly because property, plant and equipment increased ¥275 million and investment securities increased ¥1,463 million, year-on-year.

As a result, total assets increased 2.2% year-on-year to ¥166,680 million.

Liabilities

As of March 31, 2014, current liabilities decreased 5.6% year-on-year to ¥73,375 million. It is mainly because notes payable, accounts payable for construction contracts and other decreased ¥2,851 million, advances received on uncompleted construction contracts decreased ¥510 million, and provision for loss on construction contracts decreased ¥670 million, though short-term loans payable increased ¥1,425 million, provision for loss on Anti-Monopoly Act increased ¥592 million, year-on-year.

Noncurrent liabilities increased 27.3% year-on-year to ¥8,592 million. It is

Indicators of consolidated financial position are as follows:

(Years ended March 31)

	2010	2011	2012	2013	**2014**
Equity ratio (%)	52.3	48.8	42.9	46.2	**48.3**
Equity ratio on market value basis (%)	45.5	43.8	39.7	47.1	**47.3**
Debt to cash flow ratio (%)	198.8	58.1	287.7	49.2	**85.6**
Interest coverage ratio (Times)	15.9	62.7	7.9	57.5	**30.8**

Notes:
1. All indicators are calculated using consolidated formulas according to the standards below:
   *Equity ratio: Shareholders' equity and Accumulated other comprehensive income/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 shares) at the balance sheet date.
3. For operating cash flow, Taikisha group uses net cash provided by operating activities in the consolidated statements of cash flows.
4. Interest-bearing debt includes all debt recorded on the consolidated balance sheets on which Taikisha group pays interest.
5. For interest expenses, Taikisha group uses the amount of interest expenses paid as shown on the consolidated statements of cash flows.

mainly because deferred tax liabilities increased ¥1,260 million, reserve for loss on dissolution of employees' pension fund increased ¥651 million, net defined benefit liability increased ¥2,625 million, though provision for retirement benefits decreased ¥2,838 million, year-on-year.

As a result, total liabilities decreased 3.0% year-on-year to ¥81,968 million.

Net assets

As of March 31, 2014, total net assets increased 7.9% year-on-year to ¥84,712 million. It is mainly because retained earnings increased ¥2,172 million, valuation difference on available-for-sale securities increased ¥1,520 million, foreign currency translation adjustment increased ¥3,517 million, though it decreased ¥1,741 million by purchase of treasury shares, year-on-year.

Cash flow

Cash and cash equivalents as of March 31, 2014 and 2013 were ¥39,861 million and ¥33,627 million respectively. Compared to the previous year, it increased ¥6,233 million.

Cash provided by (used in) operating activities

Cash provided by operating activities as of March 31, 2014 and 2013 were ¥7,532 million and ¥10,772 million respectively. Cash increased because of decrease in notes and accounts receivable - trade and by adding up income before income taxes and minority interests etc., though it decreased because of decrease in notes and accounts payable - trade and decrease in advances received on uncompleted construction contracts etc.

Cash provided by (used in) investing activities

Cash used in investing activities as of March 31, 2014 and 2013 were ¥1,194 million and ¥1,308 million respectively. Cash decreased because of payments into time deposits, purchase of securities, and purchase of property, plant and equipment and intangible assets etc., though it increased because of redemption of securities and sales of investment securities etc.

Cash provided by (used in) financing activities

Cash used in financing activities as of March 31, 2014 and 2013 were ¥3,290 million and ¥2,569 million respectively. Cash decreased because of net increase in treasury shares and payments into cash dividends, though it increased because of net increase in short-term loans payable and proceeds from long-term loans payable.

Business Risks

Risk factors that investors should consider before making any decision concerning Taikisha Group are noted below. Forward-looking statements in this section are based on judgments made as of March 31, 2014.

Changes in Private Capital Investment

Because of the economic situation changes, cancellation or postponement of clients' investment plans could affect Taikisha Group's business results.

Overseas Business Risk

Unforeseen changes in laws and regulations, political instability and other factors in overseas where Taikisha Group operates could affect business results.

Taikisha Group makes forward foreign exchange contracts and other instruments to hedge currency risks as much as possible in the payments and collections for the foreign currency construction contracts. However, changes of exchange rate still could affect Taikisha Group's business results.

In addition, exchange rate could affect Taikisha Group's business results because the financial statements of overseas subsidiaries are translated into Japanese yen in preparing the consolidated financial statements.

Construction Defect Liabilities

Taikisha Group makes warranty contracts with customers guaranteeing construction against defects for fixed period of time after completion of construction. Taikisha Group allocates a provision for warranties for completed construction to cover repair costs based on previous warranty experience. However, these costs still could potentially exceed the balance of the provision.

Accounts Receivable Collection Risk

Taikisha Group manages customer credit. However, accounts receivable may become uncollectible due to factors such as customer insolvency, which could affect Taikisha Group's business results.

Risk Regarding Severe Price Competition

The construction business is in fierce competition. This situation could affect Taikisha Group's business results due to the provision for loss on construction contracts.

Changes in Material Prices

Sharp rises in material prices could affect Taikisha Group's business results if Taikisha Group is unable to reflect them to contract prices.

Asset Possession Risk

Taikisha Group owns real estates, securities and other assets. Changes in market value of these assets could affect Taikisha Group's business results.

Risk Regarding Retirement Benefit Plan

Downside of pension assets' market value, changes of rate of return or condition of discount rate, could affect Taikisha Group's business results.

Disasters and Accidents

The occurrence of unforeseen events such as natural disasters or accidents could affect Taikisha Group's business results.

Taikisha Group maintains the crisis management system. However, if massive and widespread disaster happens, it could damage not only Taikisha Group's property and personnel, but also clients' operating activities and consequently economic condition. These situations, if continue for a long time, could affect Taikisha Group's business results.

Legal Risk

Taikisha Group is working in concert to ensure assiduous management of legal and regulatory compliance. However, any violation of laws or regulations by directors or employees of Taikisha Group could lead to bad results such as restriction on Taikisha Group's business activities, which could affect Taikisha Group's business results.

Subsidiaries and associates

Taikisha Group consists of Taikisha Ltd., 35 subsidiaries, and 3 associates. Taikisha Ltd. and 3 subsidiaries are domiciled in Japan, and 32 subsidiaries and 3 associates are domiciled overseas.

CONSOLIDATED BALANCE SHEETS

Taikisha Ltd. and its Consolidated Subsidiaries : As of March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
Assets	2013	**2014**	**2014**
Current assets:			
Cash and deposits (Notes 3, 7 and 9)	¥30,131	**¥39,831**	**$387,010**
Notes receivable, accounts receivable from			
completed construction contracts and other (Notes 3 and 9)	81,950	**73,298**	**712,186**
Securities (Notes 7, 9 and 10)	7,004	**6,009**	**58,393**
Costs on uncompleted construction contracts	1,754	**3,741**	**36,353**
Raw materials and supplies	762	**410**	**3,987**
Deferred tax assets (Note 13)	2,404	**1,704**	**16,560**
Other (Note 3)	6,268	**6,919**	**67,228**
Allowance for doubtful accounts (Note 9)	(300)	**(301)**	**(2,926)**
Total current assets	129,976	**131,613**	**1,278,791**
Noncurrent assets:			
Property, plant and equipment			
Buildings and structures (Note 3)	8,466	**8,504**	**82,634**
Machinery, vehicles, tools, furniture and fixtures (Notes 3 and 8)	6,354	**7,034**	**68,349**
Land (Note 3)	3,316	**2,860**	**27,791**
Other	319	**412**	**4,003**
Accumulated depreciation	(9,962)	**(10,041)**	**(97,568)**
Property, plant and equipment, net	8,494	**8,769**	**85,209**
Intangible assets			
Goodwill	2,325	**2,779**	**27,004**
Other	984	**936**	**9,097**
Total intangible assets	3,309	**3,715**	**36,101**
Investments and other assets			
Investment securities (Notes 3, 9 and 10)	18,171	**19,634**	**190,774**
Deferred tax assets (Note 13)	239	**300**	**2,922**
Other	2,992	**2,678**	**26,022**
Allowance for doubtful accounts	(169)	**(31)**	**(305)**
Total investments and other assets	21,233	**22,582**	**219,414**
Total noncurrent assets	33,037	**35,067**	**340,724**
Total assets	¥163,014	**¥166,680**	**$1,619,515**

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

Liabilities and Net assets	Millions of yen 2013	Millions of yen 2014	Thousands of U.S. dollars 2014
Current liabilities:			
Notes payable, accounts payable for construction contracts and other (Notes 3 and 9)	¥47,451	**¥44,600**	**$433,351**
Short-term loans payable (Notes 9 and 21)	4,425	**5,850**	**56,843**
Income taxes payable (Note 9)	749	**950**	**9,238**
Deferred tax liabilities (Note 13)	22	**66**	**650**
Advances received on uncompleted construction contracts	13,539	**13,029**	**126,597**
Provision for warranties for completed construction	927	**759**	**7,381**
Provision for loss on construction contracts (Note 3)	1,680	**1,010**	**9,817**
Provision for directors' bonuses	96	**78**	**758**
Provision for loss on Anti-Monopoly Act	–	**592**	**5,760**
Other (Notes 3 and 21)	8,831	**6,436**	**62,540**
Total current liabilities	77,724	**73,375**	**712,935**
Noncurrent liabilities:			
Long-term loans payable (Notes 9 and 21)	770	**491**	**4,771**
Deferred tax liabilities (Note 13)	2,678	**3,938**	**38,271**
Provision for retirement benefits (Note 12)	2,838	**–**	**–**
Provision for directors' retirement benefits	133	**99**	**964**
Reserve for loss on dissolution of employees' pension fund (Note 12)	–	**651**	**6,330**
Net defined benefit liability (Note 12)	–	**2,625**	**25,514**
Other (Notes 3 and 21)	331	**786**	**7,642**
Total noncurrent liabilities	6,752	**8,592**	**83,492**
Total liabilities	¥84,476	**¥81,968**	**$796,427**
Net assets:			
Shareholders' equity			
Capital stock			
Authorized: 100,000,000 shares			
Issued: 36,782,009 shares as of March 31, 2014 and 2013	¥6,455	**¥6,455**	**$62,720**
Capital surplus	7,344	**7,344**	**71,361**
Retained earnings	59,735	**61,908**	**601,521**
Treasury shares, at cost — 1,537,054 shares as of March 31,2014	–	**(2,915)**	**(28,330)**
734,367 shares as of March 31,2013	(1,173)	**–**	**–**
Total shareholders' equity	72,361	**72,792**	**707,273**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	5,245	**6,765**	**65,737**
Deferred gains or losses on hedges (Note 11)	(11)	**(6)**	**(61)**
Foreign currency translation adjustment	(2,358)	**1,158**	**11,255**
Remeasurements of defined benefit plans	–	**(261)**	**(2,542)**
Total accumulated other comprehensive income	2,875	**7,656**	**74,388**
Minority interests	3,300	**4,263**	**41,427**
Total net assets	78,537	**84,712**	**823,088**
Total liabilities and net assets	¥163,014	**¥166,680**	**$1,619,515**

Per share data:	Yen 2013	Yen 2014	U.S. dollars 2014
Net assets	¥2,087.16	**¥2,282.56**	**$22.18**

Basis of calculation	Millions of yen 2013	Millions of yen 2014
Total net assets	¥78,537	**¥84,712**
Amounts to be deducted from net assets (Minority interests)	(3,300)	**(4,263)**
Net assets applicable to common shares	75,237	**80,448**
Number of common shares as of the year-end (thousands)	36,047	**35,244**

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

CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Taikisha Ltd. and its Consolidated Subsidiaries : For the years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2013	**2014**	**2014**
Consolidated Statements of Income			
Net sales of completed construction contracts	¥216,051	**¥185,421**	**$1,801,607**
Cost of sales of completed construction contracts (Note 4)	188,374	**159,079**	**1,545,661**
Gross profit on completed construction contracts	27,676	**26,341**	**255,946**
Selling, general and administrative expenses			
Directors' compensations	837	**811**	**7,887**
Employees' salaries and allowances	7,667	**7,091**	**68,907**
Provision for directors' bonuses	96	**78**	**758**
Retirement benefit expenses (Note 12)	753	**608**	**5,915**
Provision for directors' retirement benefits	22	**17**	**171**
Correspondence and transportation expenses	1,232	**1,347**	**13,090**
Provision of allowance for doubtful accounts	187	**(39)**	**(381)**
Rents	1,098	**1,314**	**12,769**
Depreciation	934	**1,019**	**9,910**
Amortization of goodwill	114	**143**	**1,396**
Other	4,916	**5,864**	**56,981**
Total selling, general and administrative expenses (Note 4)	17,861	**18,258**	**177,402**
Operating income	9,815	**8,083**	**78,544**
Non-operating income			
Interest income	261	**409**	**3,977**
Dividend income	342	**317**	**3,086**
Dividend income of insurance	129	**166**	**1,614**
Real estate rent	127	**147**	**1,436**
Foreign exchange gains	109	**333**	**3,237**
Reversal of allowance for doubtful accounts	23	**25**	**243**
Share of profit of entities accounted for using equity method	38	**58**	**571**
Other	268	**291**	**2,836**
Total non-operating income	1,300	**1,749**	**17,001**
Non-operating expenses			
Interest expenses	188	**237**	**2,304**
Sales discounts	17	**17**	**170**
Rent expenses on real estates	86	**72**	**705**
Other	95	**214**	**2,082**
Total non-operating expenses	387	**541**	**5,261**
Ordinary income	10,728	**9,292**	**90,284**
Extraordinary income			
Gain on disposal of noncurrent assets (Note 4)	144	**74**	**727**
Gain on sales of investment securities	780	**1,219**	**11,854**
Surrender value of insurance	0	**29**	**289**
Total extraordinary income	925	**1,324**	**12,870**
Extraordinary loss			
Loss on disposal of noncurrent assets (Note 4)	93	**50**	**489**
Impairment loss	149	**22**	**222**
Loss on sales of investment securities	231	**1**	**14**
Loss on valuation of investment securities	31	**–**	**–**
Loss on sales of shares of subsidiaries and associates	–	**73**	**713**
Loss on change in equity	226	**–**	**–**
Provision for loss on Anti-Monopoly Act	–	**592**	**5,760**
Provision of reserve for loss on dissolution of employees' pension fund	–	**651**	**6,330**
Loss on insurance cancellation	–	**4**	**43**
Total extraordinary losses	732	**1,396**	**13,570**
Income before income taxes and minority interests	10,921	**9,219**	**89,584**
Income taxes-current	3,509	**2,865**	**27,841**
Income taxes-deferred	780	**1,244**	**12,095**
Total income taxes	4,289	**4,110**	**39,937**
Income before minority interests	6,631	**5,109**	**49,648**
Minority interests in income	430	**954**	**9,271**
Net income	¥6,200	**¥4,155**	**$40,377**

Consolidated Statements of Comprehensive Income	Millions of yen		Thousands of U.S. dollars
Income before minority interests	¥6,631	**¥5,109**	**$49,648**
Other comprehensive income (Note 5)			
Valuation difference on available-for-sale securities	1,819	**1,520**	**14,769**
Deferred gains or losses on hedges	(26)	**(6)**	**(62)**
Foreign currency translation adjustment	2,527	**4,106**	**39,904**
Share of other comprehensive income of entities accounted for using equity method	54	**122**	**1,189**
Total other comprehensive income	4,374	**5,742**	**55,801**
Comprehensive income	11,006	**10,852**	**105,448**
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	10,229	**9,197**	**89,366**
Comprehensive income attributable to minority interests	¥777	**¥1,655**	**$16,083**

	Yen		U.S. dollars
Per share data:			
Net income	¥170.99	**¥116.08**	**$1.13**
Cash dividends	¥50	**¥45**	**$0.44**

Basis of calculation	Millions of yen	
Net income	¥6,200	**¥4,155**
Net income not attributable to common shareholders	–	**–**
Net income attributable to common shareholders	6,200	**4,155**
Average number of common shares (thousands)	36,264	**35,800**

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, 2013

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of current period	¥6,455	¥7,297	¥54,810	¥(492)	¥68,071	¥3,428	¥26	¥(4,607)	–	¥(1,152)	¥2,683	¥69,602
Changes of items during the period												
Dividends from surplus			(1,276)		(1,276)							(1,276)
Net income			6,200		6,200							6,200
Purchase of treasury shares				(969)	(969)							(969)
Disposal of treasury shares		47		287	334							334
Net changes of items other than shareholders' equity						1,817	(37)	2,248	–	4,028	616	4,645
Total changes of items during the period	–	47	4,924	(681)	4,290	1,817	(37)	2,248	–	4,028	616	8,935
Balance at the end of current period	¥6,455	¥7,344	¥59,735	¥(1,173)	¥72,361	¥5,245	¥(11)	¥(2,358)	–	¥2,875	¥3,300	¥78,537

For the year ended March 31, 2014

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of current period	¥6,455	¥7,344	¥59,735	¥(1,173)	¥72,361	¥5,245	¥(11)	¥(2,358)	–	¥2,875	¥3,300	¥78,537
Changes of items during the period												
Dividends from surplus			(1,982)		(1,982)							(1,982)
Net income			4,155		4,155							4,155
Purchase of treasury shares				(1,741)	(1,741)							(1,741)
Net changes of items other than shareholders' equity						1,520	4	3,517	(261)	4,780	963	5,743
Total changes of items during the period	–	–	2,172	(1,741)	431	1,520	4	3,517	(261)	4,780	963	6,174
Balance at the end of current period	¥6,455	¥7,344	¥61,908	¥(2,915)	¥72,792	¥6,765	¥(6)	¥1,158	¥(261)	¥7,656	¥4,263	¥84,712

For the year ended March 31, 2014

	Thousands of U.S. dollars											
	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of current period	$62,720	$71,361	$580,408	$(11,405)	$703,084	$50,968	$(108)	$(22,918)	–	$27,942	$32,069	$763,096
Changes of items during the period												
Dividends from surplus			(19,264)		(19,264)							(19,264)
Net income			40,377		40,377							40,377
Purchase of treasury shares				(16,925)	(16,925)							(16,925)
Net changes of items other than shareholders' equity						14,769	46	34,174	(2,542)	46,446	9,358	55,805
Total changes of items during the period	–	–	21,113	(16,925)	4,188	14,769	46	34,174	(2,542)	46,446	9,358	59,993
Balance at the end of current period	$62,720	$71,361	$601,521	$(28,330)	$707,273	$65,737	$(61)	$11,255	$(2,542)	$74,388	$41,427	$823,088

CONSOLIDATED STATEMENTS OF CASH FLOWS

Taikisha Ltd. and its Consolidated Subsidiaries : For the years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2013	**2014**	**2014**
Cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥10,921	**¥9,219**	**$89,584**
Depreciation and amortization	1,211	**1,290**	**12,535**
Amortization of goodwill	114	**143**	**1,396**
Increase (decrease) in allowance for doubtful accounts	72	**(191)**	**(1,860)**
Increase (decrease) in provision for warranties for completed construction	280	**(245)**	**(2,386)**
Increase (decrease) in provision for loss on construction contracts	(1,150)	**(708)**	**(6,881)**
Increase (decrease) in provision for loss from Anti-Monopoly Act	–	**592**	**5,760**
Increase (decrease) in provision for retirement benefits	(264)	**(2,826)**	**(27,459)**
Increase (decrease) in provision for directors' retirement benefits	4	**(24)**	**(239)**
Increase (decrease) in provision of reserve for loss on dissolution of employees' pension fund	–	**651**	**6,330**
Increase (decrease) in net defined benefit liability	–	**2,312**	**22,473**
Interest and dividend income	(604)	**(726)**	**(7,063)**
Interest expenses	188	**237**	**2,304**
Share of (profit) loss of entities accounted for using equity method	(6)	**(51)**	**(498)**
Loss (gain) on disposal of noncurrent assets	(50)	**(24)**	**(239)**
Loss (gain) on sales of investment securities	(548)	**(1,218)**	**(11,840)**
Loss (gain) on valuation of investment securities	31	**–**	**–**
Loss (gain) on sales of shares of subsidiaries and associates	–	**73**	**713**
Loss (gain) on change in equity	226	**–**	**–**
Decrease (increase) in notes and accounts receivable-trade	(2,791)	**12,986**	**126,181**
Decrease (increase) in inventories	13,620	**(1,466)**	**(14,246)**
Decrease (increase) in advances paid	75	**(24)**	**(237)**
Decrease (increase) in non-operating notes receivable	82	**117**	**1,140**
Decrease (increase) in accounts receivable-other	(615)	**114**	**1,113**
Increase (decrease) in notes and accounts payable-trade	(3,711)	**(5,997)**	**(58,278)**
Increase (decrease) in advances received on uncompleted construction contracts	(5,701)	**(2,739)**	**(26,613)**
Increase (decrease) in non-operating notes payable	(74)	**(83)**	**(808)**
Increase (decrease) in accrued consumption taxes	654	**(104)**	**(1,013)**
Increase (decrease) in deposits received	53	**(753)**	**(7,324)**
Increase (decrease) in accrued expenses	43	**(122)**	**(1,194)**
Other, net	1,871	**(1,205)**	**(11,717)**
Subtotal	13,933	**9,224**	**89,633**
Interest and dividend income received	604	**726**	**7,063**
Interest expenses paid	(187)	**(244)**	**(2,375)**
Income taxes paid	(3,577)	**(2,174)**	**(21,130)**
Net cash provided by (used in) operating activities	10,772	**7,532**	**73,190**
Cash provided by (used in) investing activities:			
Payments into time deposits	(1,880)	**(3,446)**	**(33,483)**
Proceeds from withdrawal of time deposits	1,649	**882**	**8,574**
Purchase of securities	(5,500)	**(5,500)**	**(53,440)**
Proceeds from redemption of securities	3,000	**6,500**	**63,156**
Purchase of property, plant and equipment and intangible assets	(3,130)	**(1,734)**	**(16,853)**
Proceeds from sales of property, plant and equipment and intangible assets	1,125	**176**	**1,717**
Purchase of investment securities	(923)	**(1,014)**	**(9,859)**
Proceeds from sales of investment securities	3,316	**2,263**	**21,997**
Proceeds from redemption of investment securities	1,453	**508**	**4,939**
Purchase of shares of subsidiaries	–	**(127)**	**(1,234)**
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (Note 7)	–	**4**	**41**
Payments of long-term loans receivable	(84)	**(78)**	**(761)**
Collection of long-term loans receivable	45	**68**	**662**
Purchase of insurance funds	(236)	**(2)**	**(26)**
Proceeds from maturity of insurance funds	200	**118**	**1,152**
Purchase of long-term prepaid expenses	(350)	**(38)**	**(372)**
Other, net	5	**225**	**2,188**
Net cash provided by (used in) investing activities	(1,308)	**(1,194)**	**(11,601)**
Cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	(159)	**866**	**8,422**
Proceeds from long-term loans payable	110	**402**	**3,911**
Repayments of long-term loans payable	(321)	**(391)**	**(3,807)**
Repayments of lease obligations	(49)	**(59)**	**(575)**
Proceeds from share issuance to minority shareholders	–	**35**	**341**
Net decrease (increase) in treasury shares	(634)	**(1,741)**	**(16,925)**
Cash dividends paid	(1,271)	**(1,974)**	**(19,189)**
Cash dividends paid to minority shareholders	(244)	**(427)**	**(4,153)**
Net cash provided by (used in) financing activities	(2,569)	**(3,290)**	**(31,975)**
Effect of exchange rate change on cash and cash equivalents	2,105	**3,185**	**30,951**
Net increase (decrease) in cash and cash equivalents	9,000	**6,233**	**60,564**
Cash and cash equivalents at beginning of period	24,627	**33,627**	**326,739**
Cash and cash equivalents at end of period (Note 7)	¥33,627	**¥39,861**	**$387,303**

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, 2014 and 2013

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements are prepared based on the accounts maintained by Taikisha Ltd. (the "Company") and its consolidated subsidiaries (collectively, the "Companies") 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, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain amounts in the prior year's financial statements are reclassified to conform to the changes made for the latest fiscal year.

The accounts of the consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto are translated from the original Japanese yen into U.S. dollars on the basis of ¥102.92 to US$1, the rate of exchange prevailing at March 31, 2014, and are then rounded to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts are or can be converted, realized or settled in U.S. dollars at this or any other rate.

2. Summary of significant accounting policies

(1) Scope of consolidation

From this fiscal year, Taniyama Co., Ltd is excluded from the scope of consolidation because the Company and San Esu Industry Co., Ltd. a consolidated subsidiary of the Company sold all shares of Taniyama Co., Ltd. Also Custom Ace Ltd. is excluded from the scope of consolidation, because it was dissolved due to a absorption-type merger which Tokyo Taikisha Service Ltd. became the surviving company.

From this fiscal year, Taikisha Myanmar Co., Ltd., which was newly established is included in the scope of consolidation.

The consolidated financial statements include the accounts of Taikisha Ltd. and all significant subsidiaries listed below as of March 31, 2014:

Domestic subsidiaries

San Esu Industry Co., Ltd.   Nippon Noise Control Ltd.   Tokyo Taikisha Service Ltd.

Overseas 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 Mexicana Service S.A. de C.V. (subsidiary of Taikisha de Mexico, S.A. de C.V.)
Taikisha do Brasil Ltda.
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.
Taikisha (Cambodia) Co., Ltd.
Taikisha Myanmar Co., Ltd.
Wuzhou Taikisha Engineering Co., Ltd.
Beijing Wuzhou Taikisha Equipment Co., Ltd. (subsidiary of Wuzhou Taikisha Engineering Co., Ltd.)
Tianjin Taikisha Paint Finishing System Ltd.
Taikisha Hong Kong Limited
Taikisha (Taiwan) Ltd.
Taikisha Korea Ltd.
Geico S.p.A.
Geico Taikisha Europe Ltd. (subsidiary of Geico S.p.A.)
Geico Brasil Ltda. (subsidiary of Geico Taikisha Europe Ltd.)
Geico Paint Shop India Private Limited (subsidiary of Geico Taikisha Europe Ltd.)
Geico Painting Equipment Manufacture (Suzhou) Co., Ltd. (subsidiary of Geico Taikisha Europe Ltd.)
"Geico Russia" LLC (subsidiary of Geico S.p.A.)
Taikisha Engineering India Ltd.
"Taikisha (R) " LLC

(2) Application of the equity method

Names of associates subject to the equity method

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

Names of associates not subject to the equity method

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

Makiansia Engineering (M) Sdn. Bhd.

(3) Fiscal year for consolidated subsidiaries

All domestic consolidated subsidiaries as well as Taikisha Engineering India Ltd. and Taikisha Myanmar Co., Ltd. have a fiscal year ending on March 31, which is the same as the fiscal year of the Company. The other overseas consolidated subsidiaries have a fiscal year ending on December 31. For those subsidiaries with a fiscal year ending December 31, certain adjustments are made, where appropriate, in preparing the consolidated financial statements to reflect material transactions during the period from their fiscal year end to March 31.

(4) Valuation of significant assets

Held-to-maturity debt securities

Held-to-maturity debt securities are determined by the amortized cost method. Discounts and premiums are amortized by the straight-line method.

Shares of associates

Shares of associates are stated at cost, determined by the moving average method.

Other securities

Other securities with fair value are stated at fair value based on the market prices at the end of fiscal year. Valuation difference is reported as a separate item in net assets at net-of-tax amount. The cost of securities sold is stated at cost, determined by the moving average method.

Other securities without fair value are stated at cost using the moving average method.

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.

Inventories

Costs on uncompleted construction contracts are stated at cost using specific identification method. Raw materials and supplies are stated at cost determined by the moving average method. The cost method (the amounts stated in the balance sheets are calculated by writing down the book values based on lower profitability) is used as a valuation standard.

(5) Depreciation method for principal depreciable assets

Property, plant and equipment (excluding leased assets)

The Companies mainly calculate depreciation by the declining-balance method, while the straight-line method is applied to the buildings, excluding building fixtures, acquired on or after April 1, 1998. Certain overseas consolidated subsidiaries apply the straight-line method. The useful lives and residual values of depreciable assets are estimated mainly in accordance with the Corporate Tax Law.

Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method. Computer software for internal use is amortized by the straight-line method over the estimated useful life of 5 years.

Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the lease period with a residual value of zero.

(6) Standards of accounting for principal allowance and provisions

Allowance for doubtful accounts

In order to prepare for losses due to bad debts of accounts receivable from completed construction contracts and other, the allowance for doubtful accounts is provided. For receivables classified as "normal", it is provided based on a historical default ratio. For receivables classified as "doubtful" etc, it is provided based on individual assessment on the probability of collection.

Provision for warranties for completed construction

In order to prepare for the costs of repairs for damages related to completed construction work for which the Companies are responsible, the provision is provided based on past warranty experience.

Provision for loss on construction contracts

In order to prepare for future losses related to the construction contracts in process, the provision is provided based on estimated amount which will probably be incurred and which can be reasonably estimated.

Provision for directors' bonuses

In order to prepare for directors' bonuses, the provision is provided based on the estimated payment of the fiscal year.

Provision for loss on Anti-Monopoly Act

In order to prepare for surcharge or penalty related to the Anti-Monopoly Act, the provision is provided based on estimated amount which will probably be incurred and which can be reasonably estimated for each issue.

Provision for directors' retirement benefits

In order to prepare for directors' retirement benefits, domestic consolidated subsidiaries recognize the provision for accrued severance benefits to directors at 100 percent of the amount required by their internal policies for severance benefits.

Reserve for loss on dissolution of employees' pension fund

In order to prepare for future losses related to the dissolution of employees' pension fund, the provision is provided based on estimated amount which will probably be incurred and which can be reasonably estimated.

(Additional information)

Nishinihonreitokutyou Employees' Pension Fund (integrated establishment agency-type), which the Company and domestic subsidiaries are affiliated with, has come to a decision on special dissolution that was discussed at the representative assembly that took place on September 18, 2013.

Due to this dissolution, the Companies recognized "Provision of reserve for loss on dissolution of employees' pension fund" of ¥651 million (US$ 6,330 thousand) as Extraordinary losses in the consolidated statement of income and "Reserve for loss on dissolution of employees' pension fund" of ¥651 million (US$ 6,330 thousand) as noncurrent liabilities in the consolidated balance sheet.

(7) Retirement and pension plans

(Method of attributing the projected benefit obligations to periods of service)

Straight-line attribution

(Actuarial differences)

Actuarial differences are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the following fiscal year of accrual.

(Prior service costs)

Prior service costs are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the fiscal year of accrual.

The Company and certain of its domestic consolidated subsidiaries have retirement plans of the integrated establishment agency type which are governed by the regulations of the Japanese Welfare Pension Insurance Law. The contributions to the retirement plan assets are recognized as retirement benefit expenses. Plan assets at the end of the fiscal year calculated based on the proportion of the funded amounts are ¥8,446 million (US$ 82,065 thousand).

(8) Sales and cost recognition

Sales of completed construction contracts and cost of sales of completed construction contracts

The percentage-of-completion method is applied for construction work for which the completion of a certain percentage of the entire work is reliably recognizable by the balance sheet date (percentage of completion is estimated by the cost-to-cost method). The completed-contract method is applied for other construction contracts.

(9) Hedge accounting

Method of hedge accounting

Hedging instruments are valued at fair value and accounted for using the deferral method of accounting.

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.

With regard to interest rate swaps and interest rate caps which meet certain requirements, the Companies use the special treatment. The special treatment is net amounts to be paid or received under the interest rate swap contracts and interest rate cap contracts added to or deducted from the interest on liabilities for which the contracts are executed.

Hedging instruments and hedged items

Hedging instruments : Forward exchange contracts, non-deliverable forward (NDF), interest rate swaps and interest rate caps

Hedged items : Foreign trade accounts receivable and payable, forecasted foreign currency transactions and interest for loan payable

Hedging policy

The Companies use forward exchange contracts not for the purpose of speculation but for hedging future risks of fluctuation of foreign currency exchange rates.

The Companies use interest rate swaps and interest rate caps not for the purpose of speculation but for hedging future risks of fluctuation of interest rates.

Assessment of hedge effectiveness

With regard to forward exchange contacts, hedge effectiveness is not assessed because substantial terms and conditions of the hedging instruments and the hedged transactions are the same.

With regard to interest rate swaps and interest rate caps, the evaluation of hedge effectiveness is omitted because they meet certain criteria under the specific method.

(10) Scope of cash and cash equivalents in the consolidated statements of cash flows

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.

(11) Amortization method and period for goodwill

Goodwill is amortized by the straight-line method over a period of 20 years.

(12) Accounting for consumption taxes

At the Company and its domestic consolidated subsidiaries, transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

(13) Additional information

(Change in accounting policies)

The "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, May 17, 2012; hereinafter the "Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25, May 17, 2012; hereinafter the "Guidance") have been applied effective from the end of the fiscal year (however, excluding the provisions set forth in Paragraph 35 of the Standard and Paragraph 67 of the Guidance). As a result of this change, the amount of retirement benefit obligations after deducting the pension assets is reported as "Net defined benefit liability" and unrecognized actuarial differences and unrecognized prior service costs are reported as net defined benefit liability.

The application of the Standard, etc. complies with transitional accounting treatment which is set forth in Paragraph 37 of the Standard and, accordingly, the effects of this change in accounting policy are included in "Remeasurements of defined benefit plans" at the end of the fiscal year.

As a result, net defined benefit liability of ¥2,625 million (US$ 25,514 thousand) is reported at the end of the fiscal year. Meanwhile, accumulated other comprehensive income decreased by ¥261 million (minus US$ 2,542 thousand). Meanwhile, net assets per share decreased by ¥7.42.

(Unapplied accounting standards)

"Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21, September 13, 2013)

"Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 22, September 13, 2013)

"Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Statement No. 7, September 13, 2013)

"Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan Statement No. 2, September 13, 2013)

"Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"
(Accounting Standards Board of Japan Guidance No. 10, September 13, 2013)

"Guidance on Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan Guidance No. 4, September 13, 2013)

(Overview)

Main revision of the accounting standards and the guidance above are (1) accounting treatment of change in parent company's ownership interest in a subsidiary if the parent company purchases or sells ownership interests in its subsidiary (2) accounting treatment of acquisition-related costs (3) net income disclosure and change in account title from "minority interest" to "non-controlling interest" (4) provisional accounting treatments.

(Application date)

The accounting standards and the guidance are expected to apply from the beginning of the fiscal year ending March 31, 2016. However the provisional accounting treatments are expected to apply to the business combination enacted on or after the beginning of fiscal year ending March 31, 2016.

(Impact of the application of the accounting standards)

The impact of the application of the accounting standards and the guidance above are in process of assessment at the time when the consolidated financial statements are prepared.

"Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan Statement No. 26, May 17, 2012)

"Guidance on Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan Guidance No. 25, May 17, 2012)

(Overview)

From the view of improvement of financial reports and based on the international trends, the accounting standard and the guidance are mainly prescribed the revision of the treatment of unrecognized actuarial differences and unrecognized prior service costs, the calculation method of projected benefit obligations and service costs, and enhancing disclosure.

(Application date)

The revision of the calculation of projected benefit obligations and service costs are expected to apply from the beginning of the fiscal year ending March 31, 2015.

(Impact of the application of the accounting standards)

Impact of the application of the accounting standard and the guidance above are in process of assessment at the time when the consolidated financial statements are prepared.

3. Notes of consolidated balance sheets

(1) The information of associates

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Investment securities	¥476	¥650	$6,322

(2) Pledged assets

Assets pledged as collateral for security deposits at subsidiaries and associates

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Cash and deposits	¥32	¥32	$316

Assets pledged as collateral for loans payable of invested company

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Investment securities	¥2	¥2	$19

Assets pledged as collateral for loans payable of subsidiaries and associates

For the year ended March 31, 2013

	Millions of yen	
Pledged assets	Book value	Liabilities covered by pledged assets
Cash and deposits	¥266	¥102
Buildings and structures	76	419
Land	487	
Machinery, vehicles, tools, furniture and fixtures	¥11	¥8

For the year ended March 31, 2014

	Millions of yen		Thousands of U.S. dollars	
Pledged assets	Book value	Liabilities covered by pledged assets	Book value	Liabilities covered by pledged assets
Cash and deposits	¥296	¥188	$2,879	$1,831
Machinery, vehicles, tools, furniture and fixtures	¥15	¥11	$153	$111

(3) Guarantee obligations

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Guarantee of Employees' loans	¥16	¥14	$141
Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.	222	183	1,783
Makiansia Engineering (M) Sdn. Bhd.	58	–	–
Total	¥296	¥197	$1,924

(4) Commitment lines

For efficient procurement of the operating funds, the Company has lending commitment contracts with four dealing banks. Lending commitment amounts are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Total amount of lending commitment	¥5,000	¥5,000	$48,581
Borrowing execution balance	–	–	–
Total	¥5,000	¥5,000	$48,581

(5) Endorsed notes

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Endorsed notes	¥35	¥40	$392

(6) Provision for loss on construction contracts

Following amounts of provision for loss on construction contracts are offset from the amounts of costs on uncompleted construction contracts.

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Provision for loss on construction contracts	¥39	¥5	$50

(7) Outstanding notes receivable and notes payable which maturity dates are same date as balance sheet date

Notes receivable and payable are settled as of the date of bank clearing. However, as the balance sheet date of the previous fiscal year was a bank holiday, the following notes are included in the balance as of the previous fiscal year end.

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Notes receivable	¥112	¥–	$–
Notes receivable endorsed	31	–	–
Non-operating notes receivable	18	–	–
Notes payable	644	–	–
Non-operating notes payable	¥9	¥–	$–

4. Notes of consolidated statements of income

(1) Research and development expenses

Research and development expenses included in selling, general and administrative expenses are as follows.

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Selling, general and administrative expenses	¥800	¥876	$8,520

(2) Gain on disposal of noncurrent assets

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Machinery, vehicles, tools, furniture and fixtures	¥32	¥22	$215
Land	85	36	357
Long-term deposits	26	15	155
Total	¥144	¥74	$727

(3) Loss on disposal of noncurrent assets

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Buildings and structures	¥15	¥34	$332
Machinery, vehicles, tools, furniture and fixtures	43	15	154
Land	25	–	–
Long-term deposits	0	–	–
Other	8	0	2
Total	¥93	¥50	$489

(4) Provision for loss on construction contracts

Provision for loss on construction contracts included in cost of sales of completed construction contracts are as follows.

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Provision for loss on construction contracts	¥426	¥480	$4,667

5. Notes of consolidated statements of comprehensive income

(1) Reclassification adjustments and tax effects for other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Valuation difference on available-for-sale securities			
Net gains (losses) arising during the period	¥3,264	¥3,582	$34,808
Reclassification adjustments	(517)	(1,219)	(11,852)
Before tax effects	2,747	2,362	22,956
Net of tax effects	(928)	(842)	(8,187)
Valuation difference on available-for-sale securities	1,819	1,520	14,769
Deferred gains or losses on hedges			
Net gains (losses) arising during the period	(88)	(90)	(883)
Reclassification adjustments	48	97	945
Before tax effects	(40)	6	62
Net of tax effects	13	(12)	(124)
Deferred gains or losses on hedges	(26)	(6)	(62)
Foreign currency translation adjustment			
Net gains (losses) arising during the period	2,527	4,106	39,904
Share of other comprehensive income of associates accounted for using equity method			
Net gains (losses) arising during the period	54	122	1,189
Other comprehensive income	¥4,374	¥5,742	$55,801

6. Notes of consolidated statements of changes in net assets

(1) The number of issued shares

For the year ended March 31, 2013

	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	36,782,009	–	–	36,782,009

For the year ended March 31, 2014

	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	**36,782,009**	–	–	**36,782,009**

(2) The number of treasury shares

For the year ended March 31, 2013

	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	313,951	600,416	180,000	734,367

Note 1. The number of treasury shares increased by 600,000 shares because of purchase of shares approved by the resolution of board of directors and increased by 416 shares because of purchase of shares less than one unit (*).

Note 2. The number of treasury shares decreased by 180,000 shares because of disposal of treasury shares by third-party allotment for introduction of ESOP (Employee Stock Ownership Plan).

(*) The unit share is a specified number of shares which are treated as one purchasing lot and entitled to one voting right. One unit share consists of 100 shares.

For the year ended March 31, 2014

	Beginning Balance	Increase	Decrease	Ending Balance
Common stock	**734,367**	**802,687**	–	**1,537,054**

The number of treasury shares increased by 800,000 shares because of purchase of shares approved by the resolution of board of directors and increased by 2,687 shares because of purchase of shares less than one unit (*).

(*) The unit share is a specified number of shares which are treated as one purchasing lot and entitled to one voting right. One unit share consists of 100 shares.

(3) Dividends

Dividends paid

For the year ended March 31, 2013

Resolution approved by	Type of shares	Amount	Amount per share	Shareholders' cut-off date	Effective date
		Millions of yen	Yen		
Annual general meeting of shareholders (June 28, 2012)	Common shares	¥729	¥20.00	March 31, 2012	June 29, 2012
Board of directors (November 9, 2012)	Common shares	¥547	¥15.00	September 30, 2012	November 30, 2012

For the year ended March 31, 2014

Resolution approved by	Type of shares	Amount		Amount per share		Shareholders' cut-off date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of shareholders (June 27, 2013)	Common shares	**¥1,261**	**$12,259**	**¥35.00**	**$0.34**	March 31, 2013	June 28, 2013
Board of directors (November 8, 2013)	Common shares	**¥720**	**$7,005**	**¥20.00**	**$0.19**	September 30, 2013	December 29, 2013

Dividends with a shareholders' cut-off date during the fiscal year but an effective date subsequent to the fiscal year

For the year ended March 31, 2013

Resolution approved by	Type of shares	Paid from	Amount	Amount per share	Shareholders' cut-off date	Effective date
			Millions of yen	Yen		
Annual general meeting of shareholders (June 27, 2013)	Common shares	Retained earnings	¥1,261	¥35.00	March 31, 2013	June 28, 2013

For the year ended March 31, 2014

Resolution approved by	Type of shares	Paid from	Amount		Amount per share		Shareholders' cut-off date	Effective date
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of shareholders (June 27, 2014)	Common shares	Retained earnings	**¥881**	**$8,561**	**¥25.00**	**$0.24**	**March 31, 2014**	**June 30, 2014**

7. Notes of consolidated statements of cash flows

(1) Cash and cash equivalents

The reconciliation between amounts of cash and cash equivalents reported in the consolidated statements of cash flows and amounts of cash and deposits reported in the consolidated balance sheets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Cash and deposits	¥30,131	¥39,831	$387,010
Securities	7,004	6,009	58,393
Sub total	37,135	45,840	445,403
Time deposits over three months	(503)	(3,469)	(33,712)
Securities over three months	(3,004)	(2,510)	(24,388)
Cash and cash equivalents	¥33,627	¥39,861	$387,303

(2) Detail of assets and liabilities of the company which is excluded from the scope of consolidation because of sales of shares

For the year ended March 31, 2014

The detail of assets, liabilities and proceeds from the sales of shares of Taniyama Co., Ltd. resulting from excluded from consolidation is as follows.

Taniyama Co., Ltd. (as of April 1, 2013)	Millions of yen	Thousands of U.S. dollars
	2014	2014
Current assets	¥1,074	$10,440
Noncurrent assets	715	6,952
Current liabilities	(840)	(8,167)
Noncurrent liabilities	(501)	(4,873)
Minority interests	(183)	(1,786)
Decrease of retained earnings resulting from the decrease of subsidiary	(2)	(27)
Loss on sales of shares	(73)	(713)
Sales price of Taniyama Co., Ltd. Shares	187	1,827
Cash and cash equivalents of Taniyama Co., Ltd.	(183)	(1,786)
Net : Proceed from sales of shares	¥4	$41

8. Lease transaction

The non-transfer-ownership finance lease as lessee which entered into a contract on and before March 31, 2008

Until the year ended March 31, 2008, non-transfer-ownership finance leases were permitted to be accounted for in the same manner as operating leases.

From the year ended March 31, 2009, non-transfer-ownership finance leases are to be capitalized in accordance with "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan statement No.13 issued on March 30, 2007). However, the lease transactions entered into contracts on and before March 31, 2008 are continuously accounted for in the same manner as operating leases.

As lessee

The acquisition costs, accumulated depreciation and net book value of the leased assets are as follows.

As of March 31, 2013

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	¥4	¥4	¥0
Machinery	139	74	64
Total	¥143	¥78	¥65

As of March 31, 2014

	Millions of yen			Thousands of U.S. dollars
	Acquisition cost	Accumulated depreciation	Net book value	Net book value
Machinery	¥139	¥88	¥51	$496

The amounts of future lease payments

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Due within one year	¥14	¥13	$135
Due over one year	51	37	361
Total	¥65	¥51	$496

Note 1. The interest portion is included above future lease payment amounts because the proportion of future lease payments to the ending balance of noncurrent assets is low.

Total lease payments and depreciation

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Total lease payments	¥20	¥14	$136
Depreciation	¥20	¥14	$136

Depreciation method

Depreciation is calculated by the straight-line method over the lease period with a residual value of zero.

(1) Finance lease transaction

As lessee

The detail of leased assets

The leased assets are mainly office equipments and vehicles in Japan and production equipments and vehicles overseas. The account title the Companies use is "Machinery, vehicles, tools, furniture and fixtures".

Depreciation method

Depreciation is calculated by the straight-line method over the lease period with a residual value of zero.

Impairment loss

There is no impairment loss allocated to the leased assets.

(2) Operating lease transaction

As lessee

The amounts of outstanding future lease payments under non-cancelable operating leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Due within one year	¥114	¥148	$1,446
Due over one year	89	97	947
Total	¥204	¥246	$2,393

9. Financial instruments

(1) Overview

Policy on financial instruments

The Companies invest temporary surplus funds in highly secure financial assets and finance short-term operating funds by bank borrowings. Derivatives are used for avoiding risks described below and are not used for trading or speculative purposes.

Description of financial instruments, related risks and risk management system

Trade receivables such as notes receivable, accounts receivable from completed construction contracts and other are exposed to the customer credit risk. For avoiding this risk, the Companies have an internal system which check customer credit standing on a timely basis and monitoring each transaction's due date and balance. Though receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, this risk is hedged partly by forward foreign currency contracts.

Stocks in investment securities are exposed to market risk of fluctuation. These stocks are mainly the stocks of companies with business relationships. The Companies check market price and financial position of these companies periodically.

Trade payables such as notes payable, accounts payable for construction contracts and other are almost all due within one year. Though these payables including foreign currency for importing equipment and materials are exposed to the market risk of fluctuation in foreign currency exchange rates, these amounts are always less than accounts receivable from completed construction contracts in the same foreign currencies.

Income taxes payable are imposed on the taxable income of the Companies for the fiscal year, and they all mature within one year.

Both short-term loans payable and long-term loans payable are for operating activities. Short-term loans payable are exposed to the risk of fluctuation in interest rate. Long-term loans payable are hedged the risk of fluctuation principally by using fixed interest rates.

Derivative transactions are forward exchange contract and non-deliverable forward (NDF) for reducing foreign currencies fluctuation risk in normal operating cycle, and interest rate swap and interest rate cap for reducing interest rate fluctuation risk. The Companies have an internal guideline of foreign exchange management authorized by administrative management chief executive and carry out of forward exchange contracts and non-deliverable forward (NDF) in accordance with the guideline. The guideline prescribes management policy, division name in charge of risk management, purpose of transactions, kinds of transactions and reporting system. With regard to interest rate swap and interest rate cap, the Companies admit to make a contract only if this meets the requirements for specific treatment. In case of carrying out derivative transactions, the Companies do business only with high credit rating financial institutions to reduce credit risk.

Trade payable and loans payable are exposed to liquidity risk. The Companies control the risk by preparing financing plans by each subsidiaries.

Supplementary explanation of fair values of financial instruments

Derivative transactions in "(2) Fair value of financial instruments" below are not indicative of the actual market risk involved in derivative transactions but nominal contract amounts or estimated amounts based on certain assumptions.

(2) Fair value of financial instruments

The following table shows the book values and fair values of financial instruments and any differences. Certain financial instruments for which it is extremely difficult to determine the fair value are not included (see Note 2 below).

As of March 31, 2013

	Millions of yen		
	Book value	Fair value	Difference
Cash and deposits	¥30,131	¥30,131	¥–
Notes receivable, accounts receivable from completed construction contracts and other	81,950		
Allowance for doubtful accounts (*1)	(160)		
	81,789	81,374	(415)
Securities and Investment securities (*2)	23,993	24,002	9
Total Assets	135,914	135,508	(406)
Notes payable, accounts payable for construction contracts and other	47,451	47,418	(32)
Short-term loans payable	4,425	4,425	–
Income taxes payable	749	749	–
Long-term loans payable	770	762	(7)
Total Liabilities	53,396	53,356	(39)
Derivatives	¥–	¥(19)	¥(19)

(*1) Allowance for doubtful accounts estimated by each credit risk of notes receivable, accounts receivable from completed construction contracts and other is deducted.

(*2) Investment securities which are extremely difficult to determine the fair values are not included.

As of March 31, 2014

	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Cash and deposits	¥39,831	¥39,831	¥–	$387,010	$387,010	$–
Notes receivable, accounts receivable from completed construction contracts and other	73,298			712,186		
Allowance for doubtful accounts (*1)	(194)			(1,890)		
	73,103	73,005	(98)	710,297	709,340	(957)
Securities and Investment securities (*2)	24,313	24,315	2	236,237	236,261	24
Total Assets	137,248	137,152	(96)	1,333,544	1,332,611	(933)
Notes payable, accounts payable for construction contracts and other	44,600	44,564	(35)	433,351	433,003	(348)
Short-term loans payable	5,850	5,850	–	56,843	56,843	–
Income taxes payable	950	950	–	9,238	9,238	–
Long-term loans payable	491	468	(22)	4,771	4,550	(222)
Total Liabilities	51,892	51,833	(58)	504,203	503,633	(570)
Derivatives	¥–	¥(5)	¥(5)	$–	$(57)	$(57)

(*1) Allowance for doubtful accounts estimated by each credit risk of notes receivable, accounts receivable from completed construction contracts and other is deducted.
(*2) Investment securities which are extremely difficult to determine the fair values are not included.

(Note 1) Method to determine the fair values of financial instruments and other information related to securities and derivatives

Assets

Cash and deposits

Since deposits are settled in a short period of time, the book value approximates the fair value. Therefore the book value is used the same as fair value.

Notes receivable, accounts receivable from completed construction contracts and other

The fair value of these items is determined based on the present value of book value, calculated by applying a discount rate determined taking into account the term of collection and the credit risk.

Securities and investment securities

The fair value of stocks is determined based on quoted market price and the fair value of debt securities is determined based on the present value of book value, calculated by applying the national bond rate etc. determined taking into account the term of collection.

Liabilities

Notes payable, accounts payable for construction contracts and other and short-term loans payable

The fair value of these items is determined based on the present value of book value, calculated by applying a discount rate determined taking into account the term of collection and the credit risk.

Income taxes payable

Since income taxes payable is settled in a short period of time, the book value approximates the fair value. Therefore the book value is used the same as fair value.

Long-term loans payable

With regard to floating rate loans, the book value approximates the fair value because the market interest rate is reflected in the interest rate within a short period of time and credit risk does not fluctuate a lot after borrowing. Therefore the book value is used as the fair value. With regard to fixed rate loans, the fair value is determined based on the present value of the total principal and interest discounted by an interest rate to be applied if similar new loans are entered into.

Derivative transactions

See 11 "Derivative Transactions"

(Note 2) Book value of financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Other securities			
Non-listed stocks	¥1,122	¥1,294	$12,577
Investment trusts	17	8	84
Non-listed foreign bonds	¥42	¥27	$270

It is extremely difficult to determine the fair value for these securities, because they have no quoted market prices available and high cost is expected to require to calculate future cash flow. Therefore, they are not included in "Securities and investment securities" above.

(Note 3) Redemption schedule for monetary receivables and securities with maturities

As of March 31, 2013

	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	¥30,131	¥–	¥–	¥–
Notes receivable, accounts receivable from completed construction contracts and other	81,374	576	–	–
Securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	2,999	1,010	–	–
Other securities with maturity date				
(Money in trust)	3,995	–	–	–
(Non-listed foreign bonds)	8	33	–	–
Total	¥118,510	¥1,619	¥–	¥–

As of March 31, 2014

	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	¥39,831	¥–	¥–	¥–
Notes receivable, accounts receivable from completed construction contracts and other	70,758	2,539	–	–
Securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	2,509	–	–	–
Other securities with maturity date				
(Money in trust)	3,500	–	–	–
(Non-listed foreign bonds)	–	27	–	–
Total	¥116,599	¥2,567	¥–	¥–

As of March 31, 2014

	Thousands of U.S. dollars			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	$387,010	$–	$–	$–
Notes receivable, accounts receivable from completed construction contracts and other	687,508	24,679	–	–
Securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	24,386	–	–	–
Other securities with maturity date				
(Money in trust)	34,007	–	–	–
(Non-listed foreign bonds)	–	270	–	–
Total	$1,132,911	$24,948	$–	$–

(Note 4) Redemption schedule for long-term loans payable, lease obligations and other interest-bearing debts

As of March 31, 2013

	Millions of yen					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	¥4,127	¥–	¥–	¥–	¥–	¥–
Long-term loans payable	297	222	218	76	42	210
Lease obligations	37	30	25	12	3	1
Total	¥4,462	¥252	¥244	¥88	¥45	¥211

As of March 31, 2014

	Millions of yen					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	¥5,582	¥–	¥–	¥–	¥–	¥–
Long-term loans payable	268	311	133	36	9	–
Lease obligations	28	29	21	19	3	3
Total	¥5,878	¥340	¥155	¥56	¥12	¥3

As of March 31, 2014

	Thousands of U.S. dollars					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	$54,238	$–	$–	$–	$–	$–
Long-term loans payable	2,605	3,023	1,301	358	89	–
Lease obligations	276	284	214	189	35	30
Total	$57,119	$3,307	$1,515	$547	$124	$30

10. Securities

(1) Held-to-maturity debt securities

As of March 31, 2013

	Millions of yen		
	Book value	Fair value	Difference
Securities whose fair value exceeds their book value	¥2,009	¥2,019	¥9
Securities whose fair value does not exceed their book value	2,000	2,000	–
Total	¥4,009	¥4,019	¥9

As of March 31, 2014

	Millions of yen		
	Book value	Fair value	Difference
Securities whose fair value exceeds their book value	¥2,009	¥2,012	¥2
Securities whose fair value does not exceed their book value	500	500	–
Total	¥2,509	¥2,512	¥2

As of March 31, 2014

	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Securities whose fair value exceeds their book value	$19,528	$19,552	$24
Securities whose fair value does not exceed their book value	4,858	4,858	–
Total	$24,386	$24,410	$24

(2) Other securities

As of March 31, 2013

	Millions of yen		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	¥15,442	¥7,293	¥8,148
Securities whose book value does not exceed their acquisition cost			
Money in trust	3,500	3,500	–
Stocks	544	720	(176)
Bonds			
Other	495	500	(4)
Subtotal	4,540	4,720	(180)
Total	¥19,983	¥12,014	¥7,968

As of March 31, 2014

	Millions of yen		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	¥17,263	¥6,835	¥10,427
Securities whose book value does not exceed their acquisition cost			
Money in trust	3,500	3,500	–
Stocks	1,040	1,133	(92)
Subtotal	4,540	4,633	(92)
Total	¥21,803	¥11,469	¥10,334

As of March 31, 2014

	Thousands of U.S. dollars		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	$167,732	$66,417	$101,316
Securities whose book value does not exceed their acquisition cost			
Money in trust	34,007	34,007	–
Stocks	10,112	11,012	(901)
Subtotal	44,119	45,019	(901)
Total	$211,851	$111,436	$100,415

(3) Held-to-maturity debt securities sold

For the year ended March 31, 2013

	Millions of yen		
	Book value	Sales amount	Gain (loss) on sales
Corporate bonds	¥990	¥985	¥(4)

(The reason of the sales)
Based on the internal guideline, the Company judged that credit rating of corporate bonds issuers were extremely downgraded.

For the year ended March 31, 2014
There is nothing applicable.

(4) Other securities sold

For the year ended March 31, 2013

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	¥2,327	¥780	¥226
Non-listed foreign bonds	4	–	–
Total	¥2,331	¥780	¥226

For the year ended March 31, 2014

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	**¥2,250**	**¥1,219**	**¥1**
Non-listed foreign bonds	**5**	–	–
Other	**8**	–	–
Total	**¥2,263**	**¥1,219**	**¥1**

For the year ended March 31, 2014

	Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	**$21,864**	**$11,854**	**$14**
Non-listed foreign bonds	**52**	–	–
Other	**81**	–	–
Total	**$21,997**	**$11,854**	**$14**

(5) Securities with impairment loss

For the year ended March 31, 2014 and 2013
The acquisition costs of tables above are the amounts that are already deducted impairment losses. The Companies recorded impairment loss of ¥ 31 million for other securities for which market quotation are available for the years ended March 31, 2013. The Companies recognize an impairment loss when those securities' market value fall 50% or more than the acquisition cost and there is no evidence to indicate that the current price will be recovered to the acquisition cost within one year. When those market value fall 30% or more than acquisition cost, the Companies recognize an impairment loss according to market price in the past one year and the possibility of recovery.

11. Derivative transactions

(1) Derivative transactions to which the hedge accounting method is not applied

Currency-related transactions

As of March 31, 2013

		Millions of yen			
Category	Transaction type	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Except for market transaction	Forward exchange contracts:				
	Buy				
	Yen	¥72	¥–	¥(4)	¥(4)
	U.S. dollars	43	–	0	0
	British pounds	34	–	(0)	(0)
	Euros	8	–	0	0
	Sell				
	Yen	11	–	1	1
	U.S. dollars	149	–	(0)	(0)
	Total			¥(3)	¥(3)

Note 1. Estimated fair value is provided by financial institutions.

As of March 31, 2014

Category	Transaction type	Millions of yen Contract amount	Over one year	Fair value	Unrealized gain (loss)
Except for market transaction	Forward exchange contracts:				
	Buy				
	Yen	¥136	¥–	¥(4)	¥(4)
	U.S. dollars	291	–	(9)	(9)
	British pounds	5	–	0	0
	Euros	1,740	–	13	13
	Sell				
	U.S. dollars	65	–	2	2
	Total			¥2	¥2

Note 1. Estimated fair value is provided by financial institutions.

As of March 31, 2014

Category	Transaction type	Thousands of U.S. dollars Contract amount	Over one year	Fair value	Unrealized gain (loss)
Except for market transaction	Forward exchange contracts:				
	Buy				
	Yen	$1,323	$–	$(40)	$(40)
	U.S. dollars	2,828	–	(89)	(89)
	British pounds	55	–	0	0
	Euros	16,911	–	129	129
	Sell				
	U.S. dollars	632	–	20	20
	Total			$20	$20

(2) Derivative transactions to which the hedge accounting method is applied

Currency-related transactions

As of March 31, 2013

Hedging method	Transaction type	Main hedged items	Millions of yen Contract amount	Over one year	Fair value
Deferral method	Forward exchange contracts				
	Buy				
	U.S. dollars	Accounts payable for construction contracts (forecast)	¥5	¥–	¥0
	Sell				
	Yen	Accounts receivable from completed construction contracts (forecast)	376	–	33
	U.S. dollars	Accounts receivable from completed construction contracts (forecast)	679	–	(46)
	Thai bahts	Accounts receivable from completed construction contracts (forecast)	422	40	(3)
	Total				¥(16)

Note 1. Estimated fair value is provided by financial institutions.

As of March 31, 2014

Hedging method	Transaction type	Main hedged items	Millions of yen Contract amount	Over one year	Fair value
Deferral method	Forward exchange contracts				
	Buy				
	U.S. dollars	Accounts payable for construction contracts (forecast)	¥62	¥–	¥(0)
	Euros	Accounts payable for construction contracts (forecast)	240	–	2
	Korean Won	Accounts payable for construction contracts (forecast)	654	32	7
	Sell				
	U.S. dollars	Accounts receivable from completed construction contracts (forecast)	5	–	(0)
	Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	1,850	–	(16)
	Total				¥(7)

Note 1. Estimated fair value is provided by financial institutions.

As of March 31, 2014

Hedging method	Transaction type		Main hedged items	Thousands of U.S. dollars Contract amount	Over one year	Fair value
Deferral method	Forward exchange contracts					
	Buy					
		U.S. dollars	Accounts payable for construction contracts (forecast)	$608	$–	$(9)
		Euros	Accounts payable for construction contracts (forecast)	2,336	–	21
		Korean Won	Accounts payable for construction contracts (forecast)	6,359	314	69
	Sell					
		U.S. dollars	Accounts receivable from completed construction contracts (forecast)	56	–	(1)
		Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	17,981	–	(157)
		Total				$(77)

Interest-related transactions

As of March 31, 2013

Hedging method	Transaction type	Main hedged items	Millions of yen Contract amount	Over one year	Fair value
Special treatment	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	¥372	¥306	(Note 1)
	Interest rate cap	Long-term loans payable	¥45	¥22	(Note 1)
	Buy				

Note 1. Because special treatment of interest rate swaps and interest rate caps are made together with hedged long-term loans payable, their market values of interest rate swaps and interest rate caps have been included in those of the relevant long-term loans payable.

As of March 31, 2014

Hedging method	Transaction type	Main hedged items	Millions of yen Contract amount	Over one year	Fair value
Special treatment	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	¥159	¥101	(Note 1)
	Interest rate cap	Short-term loans payable	¥29	¥–	(Note 1)
	Buy				

Note 1. Because special treatment of interest rate swaps and interest rate caps are made together with hedged short-term and long-term loans payable, their market values of interest rate swaps and interest rate caps have been included in those of the relevant short-term and long-term loans payable.

As of March 31, 2014

Hedging method	Transaction type	Main hedged items	Thousands of U.S. dollars Contract amount	Over one year	Fair value
Special treatment	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	$1,550	$986	(Note 1)
	Interest rate cap	Short-term loans payable	$282	$–	(Note 1)
	Buy				

12. Retirement and pension plans

For the year ended March 31, 2013

(1) Overview

The Company and its domestic subsidiaries adopt 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.

Certain domestic and overseas subsidiaries adopt lump-sum defined benefit plans and most overseas subsidiaries adopt defined contribution pension plans.

Multi-employer pension plan which required contribution amount is recognized as retirement benefit expenses

Total accumulated funds

	Millions of yen As of March 31, 2012
Pension assets	¥35,975
Retirement benefit obligations based on the financial calculations	53,425
Net Amount	¥(17,450)

Contribution ratio of the Companies in the multi-employer plan assets

	As of March 31, 2013
Contribution ratio	20.86%

Additional information

The main factors of net amount are prior service costs of ¥13,855 million and capital fund deficit of ¥3,595 million. Unamortized prior service costs are amortized over 19 years.

(2) Projected benefit obligations

	Millions of yen
	2013
Projected benefit obligations	¥(21,220)
Pension assets (Including retirement benefit trust)	17,082
Sub total	(4,137)
Unrecognized actuarial differences (Including retirement benefit trust)	2,260
Unrecognized prior service costs	(961)
Provision for retirement benefits	¥(2,838)

Note 1. 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. Pension assets calculated based on the proportion of the funded amounts are as follows.

	Millions of yen
	2013
Pension assets	¥7,829

Note 2. Certain domestic and overseas subsidiaries which have lump-sum retirement payment plans adopt the simplified method of calculating the projected benefit obligations.

(3) Retirement benefit expenses

	Millions of yen
	2013
Service costs	¥1,340
Interest costs	363
Expected return on pension assets	(344)
Amortization of actuarial differences	476
Amortization of prior service costs	(293)
Contribution to defined contribution plan	29
Net retirement benefit expenses	¥1,571

Note 1. Service costs include retirement benefit expenses calculated by using the simplification method and amounts paid to welfare pension funds.

(4) Assumptions and policies used to calculate projected benefit obligations

	2013
Method of attributing the projected benefit obligations to periods of service	Straight-line attribution
Discount rates	1%
Expected rates of return on pension assets	2.5%
Amortization periods for prior service costs (*1)	Ten years
Amortization periods for actuarial differences (*2)	Ten years

(*1) Prior service costs are amortized using the straight-line method from the fiscal year of accrual.
(*2) Actuarial differences are amortized using the straight-line method from the following fiscal year of accrual.

For the year ended March 31, 2014

(1) Overview

The Company and its domestic subsidiaries apply three defined benefit retirement plans which consist of plans that are governed by the regulations of the Japanese Welfare Pension Insurance Law, outside funded defined benefit pension plans and lump-sum retirement payment plans. Retirement benefit trust is set up in certain outside funded defined benefit pension plan.

If certain domestic and overseas subsidiaries set lump-sum retirement payment plans, they apply simplified method for calculating projected benefit obligations.

Most of overseas subsidiaries apply defined contribution pension plans, though certain domestic and overseas subsidiaries apply lump-sum defined benefit plans.

The Company and certain domestic subsidiaries affiliate with employees' pension fund (integrated establishment agency-type), and required contribution amount to this fund is recognized as retirement benefit expenses.

(2) Defined benefit plan (except simplified method)

Reconciliation of beginning and ending balances for projected benefit obligations

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Projected benefit obligations at the beginning of current period	¥20,804	$202,143
Service costs	960	9,329
Interest costs	232	2,260
Actuarial differences accrued in the current period	162	1,583
Benefits paid	(1,377)	(13,382)
Foreign currency translation	36	353
Projected benefit obligations at the end of current period	¥20,819	$202,285

Reconciliation of beginning and ending balances for pension assets

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Pension assets at the beginning of current period	¥17,043	$165,602
Expected return on pension assets	382	3,713
Actuarial differences accrued in the current period	1,164	11,319
Contributions from employers	1,267	12,314
Benefits paid	(1,336)	(12,990)
Pension assets at the end of current period	¥18,521	$179,958

Reconciliation of projected benefit obligations, pension assets and net defined benefit liability in the consolidated balance sheets

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Funded projected benefit obligations	¥20,051	$194,825
Pension assets	(18,521)	(179,958)
Sub total	1,530	14,867
Unfunded projected benefit obligations	767	7,460
Net amount of liabilities and assets in the consolidated balance sheets	2,297	22,327
Net defined benefit liability	2,297	22,327
Net amount of liabilities and assets in the consolidated balance sheets	¥2,297	$22,327

Retirement benefit expenses

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Service costs	¥960	$9,329
Interest costs	232	2,260
Expected return on pension assets	(382)	(3,713)
Amortization of actuarial differences	254	2,473
Amortization of prior service costs	(277)	(2,697)
Retirement benefit expenses of defined benefit plans	¥787	$7,651

Remeasurements of defined benefit plans

Detail of remeasurements of defined benefit plans before tax effect adjustments is as follows.

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Unrecognized prior service costs	¥684	$6,647
Unrecognized actuarial differences	(995)	(9,677)
Total	¥(311)	$(3,030)

Pension assets

Composition ratio of pension assets is as follows.

	2014
Debt securities	20%
Stocks	32%
Cash and deposits	0%
General account of life insurance	37%
Other	11%
Total	100%

Note 1. 11% of total pension assets are attributed to the employee retirement benefit trust for benefit pension plan.

Expected long-term return rate on pension asset is determined by considering current and anticipated future portfolio of pension assets, and current and anticipated future long-term performance of individual asset classes that comprise the funds' asset mix.

Assumptions and policies used to calculate projected benefit obligations

	2014
Discount rates (weighted average)	1.2%
Expected long-term return rates on pension assets (weighted average)	2.5%

(3) Defined benefit plan calculated by the simplified method

Reconciliation of beginning and ending balances for net defined benefit liability by the simplified method

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Net defined benefit liability at the beginning of current period	¥376	$3,661
Retirement benefit expenses	34	338
Benefits paid	(40)	(391)
Contributions to the plan	(7)	(75)
Foreign currency translation	54	529
Other	(90)	(874)
Net defined benefit liability at the end of current period	¥327	$3,187

Reconciliation of projected benefit obligations, pension assets and net defined benefit liability in the consolidated balance sheets

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Funded projected benefit obligations	¥69	$671
Pension assets	(54)	(531)
Sub total	14	140
Unfunded projected benefit obligations	313	3,047
Net amount of liabilities and assets in the consolidated balance sheets	327	3,187
Net defined benefit liability	327	3,187
Net amount of liabilities and assets in the consolidated balance sheets	¥327	$3,187

Retirement benefit expenses

Retirement benefit expenses calculated by the simplified method is ¥ 34 million (US$ 334 thousand).

(4) Defined contribution plan

Required contribution amount for defined contribution plan is ¥ 57 million (US$ 557 thousand).

(5) Multi-employer pension plan which required contribution amount is recognized as retirement benefit expenses

Total accumulated funds

	Millions of yen	Thousands of U.S. dollars
	As of March 31, 2013	As of March 31, 2013
Pension assets	¥37,113	$360,600
Retirement benefit obligations based on the financial calculations	56,380	547,804
Net Amount	¥(19,267)	$(187,204)

Contribution ratio of the Companies in the multi-employer plan assets

	As of March 31, 2014
Contribution ratio	21.31%

Additional information

The main factors of net amount above are unamortized prior service costs of ¥13,882 million (US$ 134,881 thousand) and capital fund deficit of ¥5,385 million (US$ 52,322 thousand). Unamortized prior service costs are amortized over 18 years.

Contribution ratio of the Companies in the multi-employer plan assets is not the same ratio as actual contribution ratio.

"Nishinihonreitokutyou Employees' Pension Fund (general-type), which the Company and domestic subsidiaries are affiliated with, has come to a decision on special dissolution that was discussed at the representative assembly that took place on September 18, 2013.

Due to this dissolution, the Companies recognized "Provision of reserve for loss on dissolution of employees' pension fund" of ¥651 million (US$ 6,330 thousand) as Extraordinary losses in the consolidated statement of income and "Reserve for loss on dissolution of employees' pension fund" of ¥651 million (US$ 6,330 thousand) as noncurrent liabilities in the consolidated balance sheet.

13. Deferred tax accounting

(1) Significant components of deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Deferred tax assets			
Allowance for doubtful accounts	¥76	¥142	$1,380
Provision for loss on construction contracts	674	369	3,595
Provision for loss on Anti-Monopoly Act	–	211	2,053
Provision for retirement benefits	882	–	–
Reserve for loss on dissolution of employees' pension fund	–	233	2,264
Net defined benefit liability	–	672	6,535
Employees' pension trust, investment securities	279	289	2,812
Provision for directors' retirement benefits	47	36	358
Accrued enterprise tax etc.	6	38	373
Accrued bonuses	1,223	838	8,143
Loss on valuation of investment securities	202	143	1,394
Loss on valuation of golf club membership	84	75	736
Valuation difference on available-for-sale securities	63	33	321
Deficit carried forward	77	261	2,545
Foreign tax credit carried forward	144	133	1,295
Other	900	895	8,700
Sub total	4,664	4,374	42,504
Valuation allowance	(765)	(1,121)	(10,899)
Total deferred tax assets	3,899	3,252	31,605
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(2,788)	(3,602)	(35,000)
Retained earnings of consolidated overseas subsidiaries	(1,028)	(1,385)	(13,462)
Other	(138)	(265)	(2,582)
Total deferred tax liabilities	(3,955)	(5,253)	(51,044)
Net deferred tax assets (or liabilities)	¥(56)	¥(2,000)	$(19,439)

(Note) Net deferred tax assets (or liabilities) for the years ended March 31, 2014 and 2013 are recorded on the following account titles in the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Current assets — Deferred tax assets	¥2,404	¥1,704	$16,560
Noncurrent assets — Deferred tax assets	239	300	2,922
Current liabilities — Deferred tax liabilities	(22)	(66)	(650)
Noncurrent liabilities — Deferred tax liabilities	¥(2,678)	¥(3,938)	$(38,271)

(2) The reconciliation between the effective statutory tax rate and the actual tax rate after the application of tax effect accounting

	2013	2014
Effective statutory tax rate	–%	38.01%
(Adjustments)		
Permanent differences: entertainment expenses, donations etc.	–	2.00
Permanent differences: dividend income etc.	–	(0.72)
Equalization of inhabitants taxes	–	0.91
Fluctuation of valuation allowance	–	3.12
Elimination of intercompany dividends	–	1.41
Lower income tax rates applicable to income in certain foreign countries	–	(9.30)
Tax on dividends from overseas subsidiaries and associates	–	2.17
Modification of deferred tax assets cause from change of tax-rate	–	1.09
Retained earnings of consolidated overseas subsidiaries	–	4.51
Other	–	1.38
Actual effective tax rate	–%	44.58%

(Note) This item is omitted because the burden rate difference between the effective statutory tax rate and the actual tax rate after the application of tax effect accounting was less than 5% of effective statutory tax rate for the year ended March 31, 2013.

(3) Modification of the amount of deferred tax assets and liabilities that come from change of tax rate

As the "Partial Revision of the Income Tax Act, etc.", was announced on March 31, 2014, the special corporate tax for reconstruction was repealed for fiscal years that begin on and after April 1, 2014. As a result, the effective statutory tax rate is revised from the existing 38.01% to 35.64% for the calculation of deferred tax assets and liabilities for temporary differences, that are expected to be realized in the fiscal year that begins on April 1, 2014.

Due to this revision of the effective statutory tax rate, net deferred tax assets decreased by ¥100 million and income taxes-deferred increased by ¥100 million.

14. Asset retirement obligations

The Companies are under the term of rental agreements for head offices etc. and have obligations for restitution on their leaving. The obligations are recognized by way of decreasing deposits.

15. Segment information

(1) Overview of reportable segments

The reportable segments of the Companies are components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resource allocation and to assess performance.

The Companies set their divisions according to kinds of construction equipment and each division plans the comprehensive domestic and foreign strategies and do business based on the strategies. The Companies have two reportable segments "Green Technology System Division" and "Paint Finishing System Division".

"Green Technology System Division" mainly designs, manages and constructs building HVAC for office buildings, and industrial HVAC for manufacturing facilities and laboratories. This division also produces and sells related equipments.

"Paint Finishing System Division" mainly designs, manages and constructs automobile paint plants and sells related equipments.

(2) Calculation method of sales and profits or losses, assets or liabilities and others

The accounting treatment of reportable segments is almost all the same as the one the Companies apply when preparing the consolidated financial statements.

The profit of reportable segments is the amount on the basis of ordinary income. Internal profits and transfer amounts between the segments are calculated based on the market price.

(3) Sales and profits or losses, assets or liabilities and others by reportable segments

For the year ended March 31, 2013

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Consolidated
Sales					
Sales to customers	¥137,214	¥78,837	¥216,051	¥–	¥216,051
Intersegment	7	79	87	(87)	–
Total	137,222	78,916	216,138	(87)	216,051
Segment profit	5,045	5,543	10,589	138	10,728
Segment assets	69,260	56,404	125,665	37,349	163,014
Other items					
Depreciation and amortization	502	720	1,222	(10)	1,211
Amortization of goodwill	–	114	114	–	114
Interest income	108	114	222	39	261
Interest expenses	69	107	177	11	188
Share of profit of entities accounted for using equity method	–	38	38	–	38
Investments in associates accounted for using equity method	–	473	473	–	473
Increase in tangible and intangible assets	¥135	¥2,784	¥2,919	¥517	¥3,436

Note 1. The amounts of adjustments are as follows.

Adjustments of segment profit of ¥138 million include non-allocatable common costs of ¥135 million and other adjustment of ¥3 million. Non-allocatable common costs are mainly dividend income etc. which are not attributed to any reportable segments.

Adjustments of segment assets of ¥37,349 million are elimination of receivable and payable etc. of minus ¥3,986 million and non-allocatable common assets which are not allocated to any segments of ¥41,336 million . Non-allocatable common assets are mainly cash and deposits, securities, tangible fixed assets, investment securities and deferred tax assets etc. which are not attributed to any reportable segments.

Adjustments of increase in tangible and intangible assets of ¥517 million are buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures and software etc. which are not attributed to any reportable segments.

Note 2. Segment profit is adjusted to the ordinary income of the consolidated income statement.

For the year ended March 31, 2014

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Consolidated
Sales					
Sales to customers	¥115,444	¥69,976	¥185,421	¥–	¥185,421
Intersegment	2	69	71	(71)	–
Total	115,447	70,046	185,493	(71)	185,421
Segment profit	4,449	4,506	8,955	336	9,292
Segment assets	73,201	50,890	124,091	42,588	166,680
Other items					
Depreciation and amortization	479	803	1,283	6	1,290
Amortization of goodwill	–	143	143	–	143
Interest income	177	204	381	27	409
Interest expenses	66	160	227	9	237
Share of profit of entities accounted for using equity method	–	58	58	–	58
Investments in associates accounted for using equity method	–	647	647	–	647
Increase in tangible and intangible assets	¥169	¥1,300	¥1,469	¥390	¥1,860

Note 1. The amounts of adjustments are as follows.

Adjustments of segment profit of ¥336 million (US$ 3,271 thousand) include non-allocatable common costs of ¥337 million (US$ 3,278 thousand) and other adjustment of minus ¥0 million (minus US$ 7 thousand). Non-allocatable common costs are mainly dividend income etc. which are not attributed to any reportable segments.

Adjustments of segment assets of ¥ 42,588 million (US$ 413,806 thousand) are elimination of receivable and payable etc. of minus ¥2,704 million (minus US$ 26,274 thousand) and non-allocatable common assets which are not allocated to any segments of ¥45,292 million (US$ 440,079 thousand). Non-allocatable common assets are mainly cash and deposits, securities, tangible fixed assets, investment securities and deferred tax assets etc. which are not attributed to any reportable segments.

Adjustments of increase in tangible and intangible assets of ¥390 million (US$ 3,798 thousand) are buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures and software etc. which are not attributed to any reportable segments.

Note 2. Segment profit is adjusted to the ordinary income of the consolidated income statement.

For the year ended March 31, 2014

	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Consolidated
	Thousands of U.S. dollars				
Sales					
Sales to customers	$1,121,694	$679,913	$1,801,607	$–	$1,801,607
Intersegment	24	675	699	(699)	–
Total	1,121,718	680,589	1,802,306	(699)	1,801,607
Segment profit	43,231	43,783	87,013	3,271	90,284
Segment assets	711,242	494,467	1,205,709	413,806	1,619,515
Other items					
Depreciation and amortization	4,658	7,809	12,467	67	12,535
Amortization of goodwill	–	1,396	1,396	–	1,396
Interest income	1,720	1,986	3,707	270	3,977
Interest expenses	649	1,559	2,208	96	2,304
Share of profit of entities accounted for using equity method	–	571	571	–	571
Investments in associates accounted for using equity method	–	6,292	6,292	–	6,292
Increase in tangible and intangible assets	$1,647	$12,633	$14,281	$3,798	$18,079

16. Related information in regard to segment information

(1) Information by product and service

For the year ended March 31, 2013

This item is omitted because similar information is disclosed in "15. Segment information"

For the year ended March 31, 2014

This item is omitted because similar information is disclosed in "15. Segment information"

(2) Sales by regions

For the year ended March 31, 2013

Millions of yen								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
¥91,954	¥11,909	¥36,404	¥27,841	¥25,852	¥2,314	¥6,447	¥13,327	¥216,051

Note 1. Sales are classified to the countries or regions based on their customers' location.

For the year ended March 31, 2014

Millions of yen								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
¥71,206	¥12,798	¥29,980	¥30,793	¥19,045	¥2,750	¥5,229	¥13,617	¥185,421

Note 1. Sales are classified to the countries or regions based on their customers' location.

For the year ended March 31, 2014

Thousands of U.S. dollars								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
$691,867	$124,350	$291,296	$299,198	$185,050	$26,722	$50,809	$132,315	$1,801,607

(3) Tangible fixed assets by regions

As of March 31, 2013

Millions of yen							
Japan	Thailand	Indonesia	China	India	Italy	Other	Total
¥5,009	¥349	¥355	¥1,008	¥1,237	¥309	¥225	¥8,494

As of March 31, 2014

Millions of yen							
Japan	Thailand	Indonesia	China	India	Italy	Other	Total
¥4,290	¥484	¥344	¥1,300	¥1,270	¥842	¥238	¥8,769

As of March 31, 2014

Thousands of U.S. dollars							
Japan	Thailand	Indonesia	China	India	Italy	Other	Total
$41,690	$4,706	$3,344	$12,632	$12,344	$8,181	$2,313	$85,209

(4) Sales Information by main customers

For the year ended March 31, 2013

This item is omitted because sales to no external customer represented 10% or more of sales of the consolidated statement of income.

For the year ended March 31, 2014

This item is omitted because sales to no external customer represented 10% or more of sales of the consolidated statement of income.

17. Impairment loss by reportable segments

Impairment loss of the noncurrent assets by reportable segments

For the year ended March 31, 2013

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate (Note 1)	Consolidated
Impairment loss	¥–	¥118	¥118	¥30	¥149

Note 1. Impairment loss is not allocated to reportable segments. The principal factors of impairment loss are the impairment on the assets that will be sold and the assets that will be removed because of the relocation of head office of the Company.

For the year ended March 31, 2014

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate (Note 1)	Consolidated
Impairment loss	**¥22**	**¥–**	**¥22**	**¥–**	**¥22**

Note 1. Impairment loss is not allocated to reportable segments. The principal factors of impairment loss are the impairment on assets that will be sold and that will be removed because of the business restructuring.

For the year ended March 31, 2014

	Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Impairment loss	**$222**	**$–**	**$222**	**$–**	**$222**

18. Amortization and balance of goodwill

(1) Amortization and balance of goodwill by reportable segments

As of March 31, 2013

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Balance of goodwill	¥–	¥2,325	¥2,325	¥–	¥2,325

Note 1. Amortization of goodwill is omitted because it is already disclosed in the "Segment information".

As of March 31, 2014

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Balance of goodwill	**¥–**	**¥2,779**	**¥2,779**	**¥–**	**¥2,779**

Note 1. Amortization of goodwill is omitted because it is already disclosed in the "Segment information".

As of March 31, 2014

	Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Balance of goodwill	**$–**	**$27,004**	**$27,004**	**$–**	**$27,004**

(2) Gain on negative goodwill by reportable segments

For the year ended March 31, 2013

There is nothing applicable.

For the year ended March 31, 2014

There is nothing applicable.

19. Related party transaction

For the year ended March 31, 2013
There is nothing applicable.

For the year ended March 31, 2014
There is nothing applicable.

20. Detail of bonds

There is nothing applicable.

21. Detail of loans

As of March 31, 2014

	Millions of yen		Thousands of U.S. dollars		
	Beginning balance	Ending balance	Ending balance	Average interest rate (%)	Maturity
Short-term loans payable	¥4,127	¥5,582	$54,238	2.604	–
Current portion of long-term loans payable	297	268	2,605	2.695	–
Current portion of lease obligations	37	28	276	–	–
Long-term loans payable (excluding current portion)	770	491	4,771	5.825	July 2016 to May 2018
Lease obligations (excluding current portion)	72	77	751	–	March 2018 to March 2020
Total	¥5,305	¥6,446	$62,641	–	–

Note 1. The "Average interest rate" is the weighted average interest rate for the ending balance of loans etc.
Note 2. The average interest rates on lease obligations are not presented because interest equivalents in the total lease obligation are allocated to expenses every year by the straight-line method.
Note 3. The annual repayment schedules of long-term loans payable and lease obligations (excluding current portion) subsequent to March 31, 2014 are as follows.

	Millions of yen			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term loans payable	¥311	¥133	¥36	¥9
Lease obligations	¥29	¥21	¥19	¥3

	Thousands of U.S. dollars			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term loans payable	$3,023	$1,301	$358	$89
Lease obligations	$284	$214	$189	$35

22. Detail of asset retirement obligations

This item is omitted because asset retirement obligations represented less than 1% of total assets at the beginning of this fiscal year and at the end of this fiscal year, respectively.

23. Subsequent event

There is nothing applicable.

REPORT OF INDEPENDENT AUDITORS

Independent auditor's report

To the Board of Directors of Taikisha Ltd.,

We have audited the accompanying consolidated financial statements of Taikisha Ltd. and consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese Yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

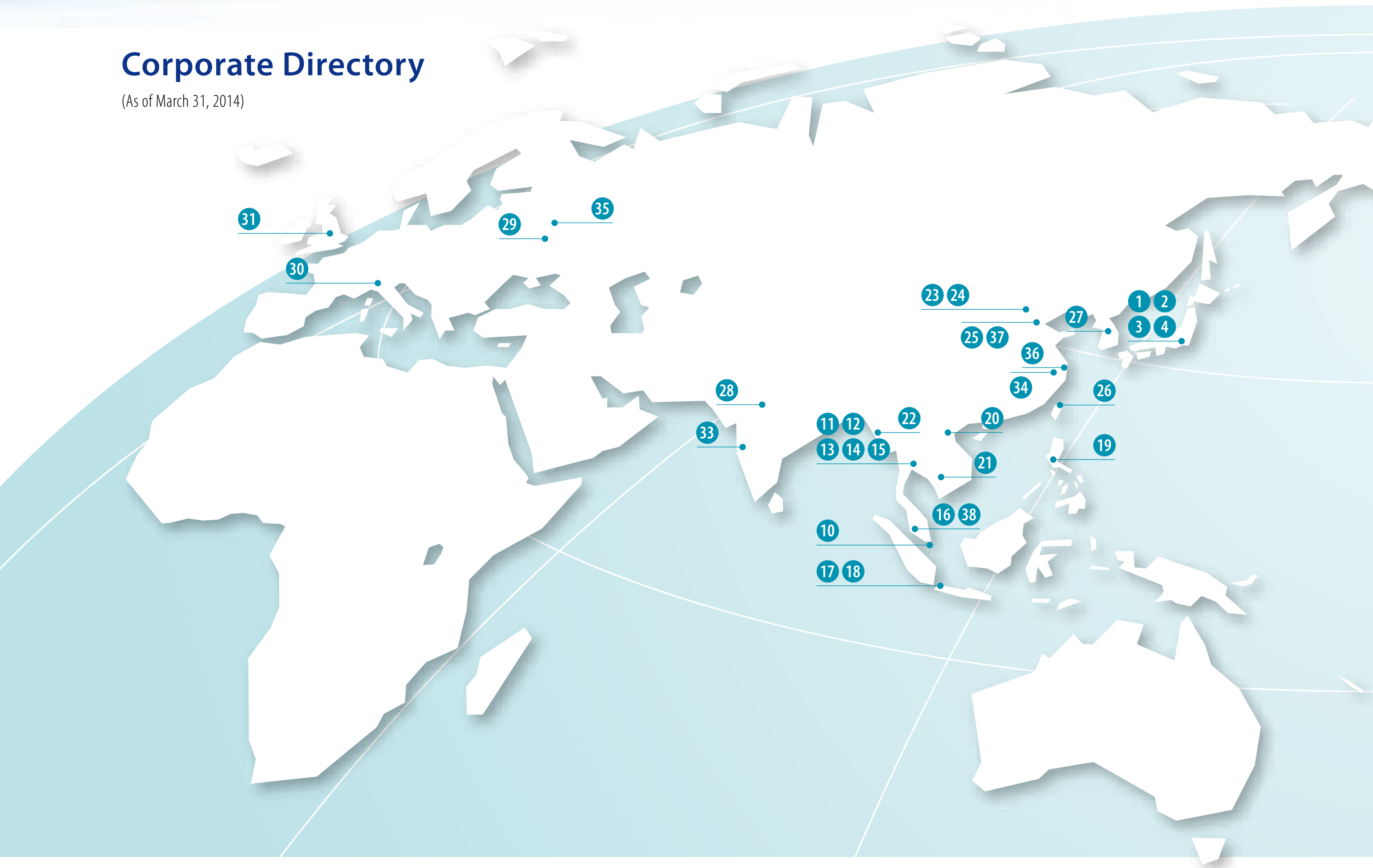
The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

A & A partners

Tokyo, Japan
June 27, 2014

Corporate Directory

(As of March 31, 2014)



Location of office	FOUNDATION

1 Taikisha Ltd. — 1913
Sumitomo Fudosan Shinjuku Grand Tower, 8-17-1,
Nishi-Shinjuku, Shinjuku-ku, Tokyo, 160-6129, Japan
Tel: 81-3-3365-5320 Fax: 81-3-5338-5195

2 San Esu Industry Co., Ltd. — 1976
3-24, Ikaga Midori-machi, Hirakata-shi, Osaka, 573-0067, Japan
Tel: 81-72-845-0128 Fax: 81-72-845-1660

3 Nippon Noise Control Ltd. — 1986
7th Floor Tombo Tokyo Bldg., 2-22-8, Yanagibashi, Taito-ku,
Tokyo, 111-0052, Japan
Tel: 81-3-5822-3691 Fax: 81-3-5822-3692

4 Tokyo Taikisha Service Ltd. — 2000
5th Floor Mitsuwa Ogawamachi Bldg., 3-7-1,
Kandaogawamachi, Chiyoda-ku, Tokyo 101-0052, Japan
Tel: 81-3-5282-3115 Fax: 81-3-5280-2900

5 TKS Industrial Company — 1981
901 Tower Drive, Suite 150, Troy, Michigan 48098-2817, U.S.A.
Tel: 1-248-786-5000 Fax: 1-248-786-5001

6 Taikisha Canada Inc. — 1985
(C/O) 901 Tower Drive, Suite 150, Troy, Michigan 48098-2817, U.S.A.
Tel: 1-248-786-5000 Fax: 1-248-786-5001

7 Taikisha de Mexico, S. A. de C.V. — 1990
Homero No. 407, Piso 7, Colonia Chapultepec Morales, 11570
Mexico D.F., Mexico
Tel: 52-555-250-7128 Fax: 52-55-5250-6178

Location of office	FOUNDATION

8 Taikisha Mexicana Services, S.A. DE C.V. — 2011
AV. Revolucion 88 2DO. Piso, Col. Tacubaya 11870 Mexico, D.F. Mexico
Tel: (55) 5516-2834

9 Taikisha do Brasil Ltda. — 1996
Rua Joan XXIII-No.-118-1andar-Jardim Paulista-Campo
Limpo Paulista-Sao Paulo CEP:13231-120
Tel: 55-11-4038-8880 Fax: 55-11-4038-8880

10 Taikisha (Singapore) Pte. Ltd. — 2004
1 Commonwealth Lane #06-27 One Commonwealth,
Singapore 149544
Tel: 65-6223-9928 Fax: 65-6223-9328

11 Taikisha (Thailand) Co., Ltd. — 1971
6th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500, Thailand
Tel: 66-2-236-8055 Fax: 66-2-236-3502

12 Taikisha Trading (Thailand) Co., Ltd. — 1983
6th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500, Thailand
Tel: 66-2-236-8055 Fax: 66-2-236-3502

13 Thaiken Maintenance & Service Co., Ltd. — 1990
445 Moo 17, Thepharak Rd., T. Bangsaothong, Amphur
Bangsaothong ,Samutprakarn 10540, Thailand
Tel: 66-2-705-8744 Fax: 66-2-705-8748

14 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

Location of office	FOUNDATION

15 TKA Co., Ltd. — 1991
445 Moo 17, Bangna-Trad Rd., Km. 23, Tambol Bangsaothong,
Amphur Bangsaothong, Samutprakarn 10540, Thailand
Tel: 66-2-705-8363 Fax: 66-2-705-8993

16 Taikisha Engineering (M) Sdn. Bhd. — 1989
Suite W301 & W306, 3rd Floor West Wing, Wisma Consplant 1,
No.2, Jalan SS 16/4, Subang Jaya, Selangor 47500, Malaysia
Tel: 60-3-5623-7200 Fax: 60-3-5623-7201

17 P.T. Taikisha Indonesia Engineering — 1990
Menara Bidakara I, 13th Floor Jl. Jend. Gatot Subroto Kav.
71-73, Jakarta 12870 ,Indonesia
Tel: 62-21-8379-3325 Fax: 62-21-8379-3310

18 P.T. 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

19 Taikisha Philippines Inc. — 1995
5th Floor, Golden Rock Bldg., No.168 Salcedo St.,
Legaspi Village, Makati City, 1229, Philippines
Tel: 63-2-818-1707 Fax: 63-2-816-1516

20 Taikisha Vietnam Engineering Inc. — 1998
12th Floor, DETECH Tower, No. 8 Ton That Thuyet Street,
My Dinh, Tu Liem, Hanoi, Vietnam
Tel: 84-4-3562-2750 Fax: 84-4-3562-2751

Location of office	FOUNDATION

21 Taikisha (Cambodia) Co., Ltd. — 2011
#37&39, Trapaingkol Village, Sangkat Kantouk,
Khan Posenchey, Phnom Penh, Cambodia
Tel: 855-23-729-317 Fax: 855-23-729-318

22 Taikisha Myanmar Co., Ltd. — 2013
Room No.(10J), Kabaraye Condominium, Kabaraye Pagoda
Road, Mayangone Township,Yangon, Myanmar
Tel: 951-653-653

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

24 Beijing Wuzhou Taikisha Equipment Co., Ltd. — 2002
#1116, Beijing Fortune Bldg., #5 Dong San Huan Bei Lu,
Chaoyang District, Beijing 100004, China
Tel: 86-10-6590-8253 Fax: 86-10-6590-8250

25 Tianjin Taikisha Paint Finishing System Ltd. — 2010
No7, Road 7, Economic Development Zone of Jinghai,
Tianjin, 301600, China
Tel: 86-22-6829-9518 Fax: 86-22-6829-9510

26 Taikisha (Taiwan) Ltd. — 1989
[Tai Yuen Hi-Tech Industrial Park] 3F, No.6, Taiyuen 1st Street,
Zhubei City, Hsinchu, Taiwan, ROC
Tel: 886-3-560-1661 Fax: 886-3-560-1671

Location of office	FOUNDATION

27 Taikisha Korea Ltd. — 1992
#1208, 30, Digital-ro 32-gil, Guro-gu, Seoul, 152-777, Korea
Tel: 82-27-830-270 Fax: 82-27-830-274

28 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

29 "Taikisha (R)" LLC. — 2009
Russian Federation, 248025, Kaluga, ul. Industry, d. 36a,
Tel: 7-499-703-0115 Fax: 7-499-703-0115

30 Geico S.p.A. — 1963
Via Pelizza da Volpedo, 109/111, 20092 Cinisello Balsamo,
Milan, Italy
Tel: 39-2-660221 Fax: 39-2-66022.310

31 Geico Taikisha Europe Ltd. — 1989
5th Floor, Delta View, 2309 Coventry Road, Sheldon,
Birmingham B26 3PG, U.K.
Tel: 44-121-700-1140 Fax: 44-121-742-4035

32 Geico Brasil Ltda. — 1995
Rua Francisco Rocha n. 2113, Bairo Bigorrilho,
Cep 80710, 540, Curitiba, Paraná, Brasile
Tel: 55-41-3019-2727 Fax: 55-41-3336-7534

33 Geico Paint Shop India Private Ltd. — 2006
A-4, 5th Floor The 5th Avenue, Dhole Patil Road, 411001,
Pune, Maharashtra, India
Tel: 91-020-3056-5556

Location of office	FOUNDATION

34 Geico Painting Equipment Manufacture (Suzhou) Co., Ltd. — 2011
Unit A, No. 3 XinXing Industrial Factory - 78 Xinglin
Road Street, Suzhou Industrial Park - 215000, China
Tel: 86-512-8555-0256 Fax:86-512-8555-0701

35 "Geico Russia" LLC — 2011
15 Akademika Tupoleva Street, bld. 24, Moscow,
105005, Russia
Tel: 7-495-989-4120

36 Shanghai Dongbo-Taiki Conveyor System & Manufacturing Co., Ltd. — 2002
#1505 Greenland Center, No.596 Middle Long Hua Road,
Shanghai 200032, China
Tel: 86-21-6443-0780 Fax: 86-21-6443-9478

37 Tianjin Dongchun-Taiki Metal Finishing Conveyor System Manufacturing Co., Ltd. — 2004
NO.9, NO.7 Road, North area of Economic Development
Zone of Jinghai, Tianjin, 301617, China
Tel: 86-22-6864-5848 Fax: 86-22-6864-5849

38 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

Directors and Audit & Supervisory Board Members

Front row, from left

Representative Director, President Corporate Officer
Satoru Kamiyama

Representative Director, Chairman Corporate Officer
Eitaro Uenishi

Back row, from left

Director, Managing Corporate Officer
Tetsuya Ogawa

Director, Executive Corporate Officer
Toshiaki Shiba

Director, Executive Corporate Officer
Kiyoshi Hashimoto

Director, Managing Corporate Officer
Koji Kato

Outside Director
Shuichi Murakami

Directors

Representative Director,
Chairman Corporate Officer

Eitaro Uenishi

Apr. 1974	Joined the Company
Apr. 2001	Acting General Manager, in charge of Sales, Green Technology System Division
Apr. 2003	General Manager, Tohoku Branch Office, Green Technology System Division
Jun. 2003	Director
Apr. 2005	General Manager, Osaka Branch Office, Green Technology System Division
Apr. 2007	Director, Senior Corporate Officer, General Manager, Tokyo Branch Office 1, Green Technology System Division
Apr. 2008	Director, Senior Corporate Officer, Assistant to President, in charge of Corporate Planning
Apr. 2009	Director, Managing Corporate Officer, Assistant to President, in charge of Company-wide Sales Promotion
Apr. 2010	Representative Director, President Corporate Officer
Apr. 2013	Representative Director, Chairman Corporate Officer (current position)

Representative Director,
President Corporate Officer

Satoru Kamiyama

Apr. 1970	Joined the Company
Apr. 2002	Senior General Manager, Engineering Dept., Paint Finishing System Division
Jun. 2003	Director
Apr. 2005	Chief General Manager, Paint Finishing System Division
Jun. 2005	Managing Director
Apr. 2006	Chief General Manager, Paint Finishing System Division, and Senior General Manager, Sales and Marketing Dept., Paint Finishing System Division
Apr. 2007	Director, Managing Corporate Officer, Chief General Manager, Paint Finishing System Division
Apr. 2009	Director, Executive Corporate Officer, Chief General Manager, Paint Finishing System Division
Apr. 2010	Representative Director, Executive Vice President Corporate Officer
Apr. 2013	Representative Director, President Corporate Officer (current position)

Director, Executive Corporate Officer

Kiyoshi Hashimoto

Apr. 1972 Joined the Company
Apr. 2003 General Manager, Cost Control Dept., Paint Finishing System Division
Apr. 2005 Senior General Manager, Engineering Dept., Paint Finishing System Division
Jun. 2005 Director
Apr. 2007 Director, Senior Corporate Officer, Vice General Manager, Paint Finishing System Division, and Senior General Manager, Engineering Dept., Paint Finishing System Division
Apr. 2009 Director, Managing Corporate Officer, Vice General Manager, Paint Finishing System Division, and Senior General Manager, Engineering Dept., Paint Finishing System Division
Apr. 2010 Director, Managing Corporate Officer, Chief General Manager, Paint Finishing System Division
Apr. 2012 Director, Executive Corporate Officer, Chief General Manager, Paint Finishing System Division
Apr. 2014 Director, Executive Corporate Officer, Chief Executive, Corporate Planning Headquarters (current position)

Director, Executive Corporate Officer

Toshiaki Shiba

Apr. 1968 Joined the Company
Apr. 1996 General Manager, Construction Dept. #4, Tokyo Branch Office, Green Technology System Division
Apr. 2002 General Manager, Engineering Dept., Kita-kanto Branch, Green Technology System Division
Apr. 2003 General Manager, Engineering Dept., Tokyo Office, Green Technology System Division
Apr. 2007 Acting Senior General Manager, Engineering Dept., Green Technology System Division, and General Manager, Construction Site Support Section, Green Technology System Division
Apr. 2008 Corporate Officer, General Manager, Global Business Management Supporting Office, Green Technology System Division, and Vice General Manager, Engineering Dept., Green Technology System Division, and General Manager, Construction Purchasing Office, Green Technology System Division
Apr. 2009 Senior Corporate Officer, Senior General Manager, Engineering Dept., Green Technology System Division
Apr. 2012 Managing Corporate Officer, Chief General Manager, Green Technology System Division
Jun. 2012 Director, Managing Corporate Officer, Chief General Manager, Green Technology System Division
Apr. 2013 Director, Executive Corporate Officer, Chief General Manager, Green Technology System Division (current position)

Director, Managing Corporate Officer

Koji Kato

Apr. 1978 Joined the Company
Apr. 2004 General Manager, Engineering Dept., Tokyo Branch Office, Green Technology System Division
Apr. 2005 Senior General Manager, Engineering Dept., Green Technology System Division
Jun. 2005 Director
Apr. 2007 Assistant to Chief General Manager, Green Technology System Division
Apr. 2008 Engineering Planning Dept., Green Technology System Division
Apr. 2009 Corporate Officer, General Manager, Engineering Planning Dept., Green Technology System Division
Apr. 2010 Managing Corporate Officer, Chief General Manager, Green Technology System Division, and General Manager, Engineering Planning Dept., Green Technology System Division
Jun. 2010 Director, Managing Corporate Officer, Chief General Manager, Green Technology System Division, and General Manager, Engineering Planning Dept., Green Technology System Division
Apr. 2012 Director, Managing Corporate Officer, Chief Executive, Corporate Planning Headquarters, and charge of Environment, and General Manager, Corporate Planning Office
Apr. 2013 Director, Managing Corporate Officer, Chief Executive, Corporate Planning Headquarters, and charge of CSR
Apr. 2014 Director, Managing Corporate Officer, Chief Executive, Administrative Management Headquarters, and charge of CSR (current position)

Director, Managing Corporate Officer

Tetsuya Ogawa

Apr. 1972 Joined the Company
Apr. 2003 General Manager, Nagoya Office, Paint Finishing System Division
Apr. 2005 General Manager, Process Quality Dept., Paint Finishing System Division
Apr. 2007 Corporate Officer, Senior General Manager, Process Quality Dept., Paint Finishing System Division
Apr. 2010 Senior Corporate Officer, Vice General Manager, Paint Finishing System Division, and Senior General Manager, Engineering Dept., Paint Finishing System Division
Jun. 2011 Director, Senior Corporate Officer, Vice General Manager, Paint Finishing System Division, and Senior General Manager, Engineering Dept., Paint Finishing System Division
Apr. 2012 Director, Managing Corporate Officer, Vice General Manager, Paint Finishing System Division, and Senior General Manager, Engineering Dept., Paint Finishing System Division
Apr. 2013 Director, Managing Corporate Officer, Vice General Manager, Paint Finishing System Division
Apr. 2014 Director, Managing Corporate Officer, Chief General Manager, Paint Finishing System Division (current position)

Outside Director

Shuichi Murakami

Apr. 2005 Managing Corporate Officer, General Manager, Shikoku Business, Sompo Japan Insurance Inc.
Apr. 2008 Advisor, Corporate Planning Department, Sompo Japan Insurance Inc.
Jun. 2008 Resigned from Sompo Japan Insurance Inc. Audit & Supervisory Board Member of the Company Full-time Audit & Supervisory Board Member (Outside), Origin Electric Co., Ltd.
Jun. 2012 Director of the Company (current position) Retired as Full-time Audit & Supervisory Board Member (Outside), Origin Electric Co., Ltd.

Audit & Supervisory Board Members

Audit & Supervisory Board Member

Mitsuru Sano

Audit & Supervisory Board Member

Masaaki Saito

Outside Audit & Supervisory Board Member

Yoshikatsu Nakajima

Outside Audit & Supervisory Board Member

Junichi Noro

History

1913	Kenzaisha (former name of Taikisha Ltd.) founded
1949	Joint stock company, Kenzaisha dissolved and Kenzaisha Co., Ltd. established
1971	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 opened in Singapore Taikisha Canada Inc. established in Toronto
1986	Nippon Noise Control Ltd. established
1989	Taikisha (Taiwan) Ltd. established in Taipei Taikisha Engineering (M) Sdn. Bhd. established in Kuala Lumpur, Malaysia Taikisha UK Ltd. established in Birmingham, UK (former name of Geico Taikisha Europe Ltd.)
1990	P.T. Taikisha Indonesia Engineering established in Jakarta Taikisha de Mexico, S.A. de C.V. established in Mexico City
1992	Donki TEC Ltd. established in Seoul, Korea (former name of Taikisha Korea Ltd.)
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 Representative office opened in Ho Chi Minh City, Vietnam
1996	Taikisha do Brasil Ltda. established in São Paulo, Brazil
1997	Representative office opened in Hong Kong
1998	Taikisha Vietnam Engineering Inc. established in Hanoi
2000	Tokyo Taikisha Service Ltd. established (formerly Atmos Service Ltd. established in 1987)
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
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
2009	"Taikisha (R)" LLC established in Kaluga, Russia
2010	Tianjin Taikisha Paint Finishing System Ltd. established in Tianjin, China
2011	Formed a capital and business alliance with Geico S.p.A. Taikisha (Cambodia) Co., Ltd. established in Phnom Penh, Cambodia
2013	The 100th anniversary of the foundation Taikisha Myanmar Co., Ltd. established in Yangon, Myanmar

1913

Founded under the name of joint-stock company "Kenzaisha"

1971

Established first overseas subsidiary in Bangkok

1973

Changed the name to "Taikisha Ltd."

Formed global alliance with Geico S.p.A

2011

The 100th anniversary of the foundation

2013

100th anniversary

Corporate Data

Corporate Name:	Taikisha Ltd.
Head Office:	Sumitomo Fudosan Shinjuku Grand Tower, 8-17-1, Nishi-Shinjuku Shinjuku-ku, Tokyo 160-6129, Japan Tel: 81-(0)3-3365-5320 Fax: 81-(0)3-5338-5195
Established:	April 10, 1913
Sales:	¥185,421 million (Consolidated: year ended March 2014)
Number of Employees:	4,961 (Consolidated: as of March 2014)

ISO Certification Obtained

ISO 9001

» Taikisha Ltd.
» TKS Industrial Company
» Taikisha (Singapore) Pte. Ltd.
» Taikisha (Thailand) Co., Ltd.
» Thaiken Maintenance & Service Co., Ltd.
» TKA Co., Ltd.
» Taikisha Engineering (M) Sdn. Bhd.
» P.T. Taikisha Indonesia Engineering
» P.T. Taikisha Manufacturing Indonesia
» Taikisha Philippines Inc.
» Wuzhou Taikisha Engineering Co., Ltd.
» Taikisha (Taiwan) Ltd.
» Taikisha Engineering India Ltd.
» Geico S.p.A.
» Geico Taikisha Europe Ltd.

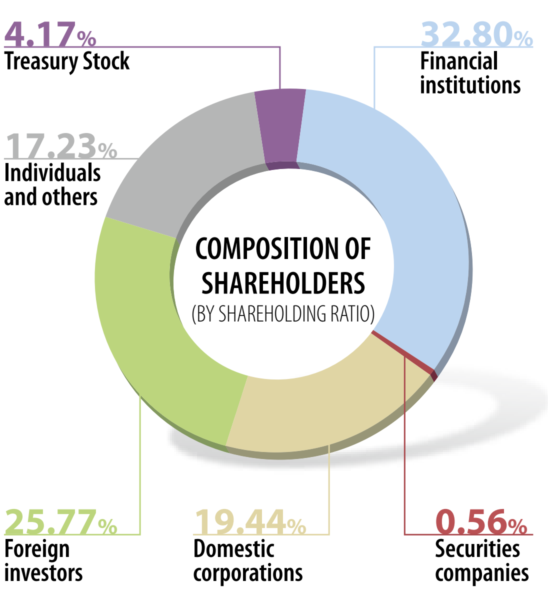
ISO 14001

» Taikisha Ltd.
» TKS Industrial Company
» Taikisha (Singapore) Pte. Ltd.
» Taikisha (Thailand) Co., Ltd.
» Wuzhou Taikisha Engineering Co., Ltd.
» Taikisha Engineering India Ltd.

Investor Information

(As of March 31, 2014)

Authorized number of shares	100,000,000
Number of issued shares	36,782,009
Number of shareholders	3,798



Major Shareholders (Top10 companies and individuals)

Shareholder's Name	Number of shares held (in thousands)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,621	7.4
MSIP CLIENT SECURITIES	1,806	5.1
Kenzaisha Ltd.	1,690	4.8
Japan Trustee Services Bank, Ltd. (Trust Account)	1,345	3.8
Ruriko Uenishi	1,089	3.1
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,008	2.9
Dai ni Kenzaisha Ltd.	1,000	2.8
Taikisha Business Partners' Stock Ownership Association	998	2.8
BNYML-NON TREATY ACCOUNT	971	2.8
Nippon Life Insurance Company	962	2.7

1. The Company holds 1,537,054 treasury shares but excludes these shares from the list of major shareholders above.
2. The Ratio of shareholding is calculated by subtracting treasury shares from all issued shares.

TAIKI-SHA

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