

Financial Report for the Third Quarter of the Fiscal Year ending March 31, 2019

February 12, 2019

The following statements are an English translation of the original Japanese document.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of company... Taikisha Ltd.

Stock Exchange..... First Section of Tokyo Stock Exchange

Code..... 1979

Representative..... Toshiaki Shiba, President and Representative Director

Contact..... Masanori Nakagawa, Director, Managing Corporate Officer, Administrative Management
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Scheduled date to submit Quarterly report : February 14, 2019

Scheduled date to commence dividend payments : -

Supplemental materials prepared for financial results : No

Briefing session of financial results : No

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2018 through December 31, 2018)

(1) Consolidated operating results (Cumulative)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended								
December 31, 2018	154,603	(4.7)	8,091	28.0	8,744	26.6	4,058	(0.9)
December 31, 2017	162,217	22.8	6,320	24.7	6,909	14.1	4,093	(4.8)

(Note) Comprehensive income
 Nine months ended December 31, 2018 : 1,590 million yen (85.2)%
 Nine months ended December 31, 2017 : 10,732 million yen 395.5%

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
Nine months ended	yen	yen
December 31, 2018	119.13	—
December 31, 2017	119.76	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
As of	million yen	million yen	%
December 31, 2018	211,747	109,049	49.2
March 31, 2018	215,392	110,650	48.8

(Note) Shareholders' Equity
 As of December 31, 2018 : 104,156 million yen
 As of March 31, 2018 : 105,188 million yen

※ "Partial amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, revised on February 16, 2018), etc. have been applied from the first quarter of the fiscal year ending March 31, 2019. To reflect the change in presentation method due to the application, the amounts of consolidated financial position as of March 31, 2018 are revised retroactively.

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year End	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2018	—	25.00	—	50.00	75.00
March 31, 2019	—	25.00	—	—	—
Year ending March 31, 2019 (Forecast)	—	—	—	52.00	77.00

(Note) Revisions to forecast of dividends : None

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2019

(April 1, 2018 through March 31, 2019)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	million yen	%	million yen	%	million yen	%	million yen	%	
Full year	220,000	(5.1)	12,300	1.0	13,000	(0.6)	6,200	(14.5)	181.98

(Note) Revisions to forecast of earnings : None

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : Yes
Excluded from consolidation: Geico Taikisha Europe Ltd.
Please refer to page 7 "Significant changes in scope of consolidation for the third quarter of the fiscal year ending March 31, 2019" for details.
- (2) Adoption of particular accounting treatments for quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates and restatements
- (i) Changes in accounting policies due to revisions of accounting standards etc. : None
 - (ii) Changes in accounting policies other than (i) : None
 - (iii) Changes in accounting estimates : None
 - (iv) Restatements : None
- (4) Number of shares issued (common shares)
- (i) Number of shares issued at end of period (including treasury shares)
 - As of December 31, 2018 35,082,009 shares
 - As of March 31, 2018 35,082,009 shares
 - (ii) Number of treasury shares at end of period
 - As of December 31, 2018 1,013,256 shares
 - As of March 31, 2018 1,012,999 shares
 - (iii) Average number of shares during the period
 - Nine months ended December 31, 2018 34,068,939 shares
 - Nine months ended December 31, 2017 34,180,661 shares
- ※ Notice of status of implementation for quarterly review procedures
This financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.
- ※ Explanation about the proper use of consolidated forecasts and other notes
Data and forward-looking statements disclosed herein are based on current information as of today, and may change depending upon various factors. The data and assumptions do not mean guaranteeing accomplishment of goals and projections, and may be changed at any time without notice. Consequently, the Company ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. The company will not be liable for any damages that result from the use of this information.

1 Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	47,147	39,131
Notes receivable, accounts receivable from completed construction contracts and other	101,947	99,399
Costs on uncompleted construction contracts	2,120	4,337
Raw materials and supplies	348	428
Other	7,990	16,065
Allowance for doubtful accounts	(539)	(465)
Total current assets	159,015	158,895
Non-current assets		
Property, plant and equipment	9,414	10,364
Intangible assets		
Goodwill	2,762	744
Other	3,364	2,953
Total intangible assets	6,126	3,697
Investments and other assets		
Investment securities	30,724	27,887
Net defined benefit asset	6,311	6,370
Other	3,815	4,565
Allowance for doubtful accounts	(14)	(34)
Total investments and other assets	40,836	38,789
Total non-current assets	56,377	52,851
Total assets	215,392	211,747
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	60,590	46,721
Short-term loans payable	6,730	13,270
Income taxes payable	3,859	773
Advances received on uncompleted construction contracts	11,870	14,081
Provision for bonuses	—	3,100
Provision for warranties for completed construction	690	691
Provision for loss on construction contracts	469	598
Provision for directors' bonuses	122	85
Other	9,409	11,399
Total current liabilities	93,742	90,723
Non-current liabilities		
Long-term loans payable	1,606	3,312
Provision for directors' retirement benefits	64	59
Net defined benefit liability	1,563	1,597
Other	7,765	7,004
Total non-current liabilities	11,000	11,973
Total liabilities	104,742	102,697

	Millions of yen	
	As of March 31, 2018	As of December 31, 2018
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,258	7,258
Retained earnings	78,698	80,201
Treasury shares	(2,475)	(2,476)
Total shareholders' equity	89,936	91,439
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,242	11,083
Deferred gains or losses on hedges	3	12
Foreign currency translation adjustment	1,141	780
Accumulated remeasurements of defined benefit plans	864	841
Total accumulated other comprehensive income	15,252	12,717
Non-controlling interests	5,461	4,892
Total net assets	110,650	109,049
Total liabilities and net assets	215,392	211,747

(2) Consolidated Income Statements and Consolidated Statements of Comprehensive Income
Consolidated Income Statements

	Millions of yen	
	Nine months ended December 31, 2017 Apr. 1, 2017 - Dec. 31, 2017	Nine months ended December 31, 2018 Apr. 1, 2018 - Dec. 31, 2018
Net sales of completed construction contracts	162,217	154,603
Cost of sales of completed construction contracts	141,287	130,774
Gross profit on completed construction contracts	20,929	23,828
Selling, general and administrative expenses	14,609	15,737
Operating income	6,320	8,091
Non-operating income		
Interest income	320	235
Dividend income	423	509
Dividend income of insurance	176	189
Real estate rent	78	78
Reversal of allowance for doubtful accounts	0	0
Other	198	280
Total non-operating income	1,198	1,292
Non-operating expenses		
Interest expenses	164	197
Rent expenses on real estates	15	19
Foreign exchange losses	246	172
Share of loss of entities accounted for using equity method	71	170
Other	111	79
Total non-operating expenses	609	639
Ordinary income	6,909	8,744
Extraordinary income		
Gain on disposal of non-current assets	49	11
Gain on sales of investment securities	—	51
Total extraordinary income	49	63
Extraordinary losses		
Loss on disposal of non-current assets	51	191
Impairment loss	26	116
Amortization of goodwill	—	1,819
Total extraordinary losses	78	2,128
Profit before income taxes	6,880	6,679
Income taxes-current	2,407	2,829
Income taxes-deferred	(675)	(398)
Total income taxes	1,732	2,430
Profit	5,147	4,248
Profit attributable to non-controlling interests	1,054	190
Profit attributable to owners of parent	4,093	4,058

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
	Apr. 1, 2017 - Dec. 31, 2017	Apr. 1, 2018 - Dec. 31, 2018
Profit	5,147	4,248
Other comprehensive income		
Valuation difference on available-for-sale securities	4,596	(2,159)
Deferred gains or losses on hedges	203	10
Foreign currency translation adjustment	546	(461)
Remeasurements of defined benefit plans	232	(20)
Share of other comprehensive income of entities accounted for using equity method	5	(28)
Total other comprehensive income	5,584	(2,658)
Comprehensive income	10,732	1,590
Comprehensive income attributable to :		
Owners of parent	9,491	1,524
Non-controlling interests	1,241	65

(Segment information)

Nine months ended December 31, 2017 (April 1, 2017 - December 31, 2017)

1. Sales and profits or losses by reportable segments

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	93,479	68,738	162,217	—	162,217
Intersegment	2	8	10	(10)	—
Total	93,481	68,746	162,228	(10)	162,217
Segment profit (loss)	7,165	(545)	6,619	289	6,909

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

Eliminations/ Corporate of Segment profit (loss) of 289 million yen includes non-allocatable common profits (net amount of common profit and loss) of 287 million yen and other adjustments of 2 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

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

2. Impairment loss on non-current assets or goodwill etc. by reportable segment

Not applicable.

Nine months ended December 31, 2018 (April 1, 2018 - December 31, 2018)

1. Sales and profits or losses by reportable segments

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	105,170	49,432	154,603	—	154,603
Intersegment	—	0	0	(0)	—
Total	105,170	49,433	154,603	(0)	154,603
Segment profit (loss)	9,372	(742)	8,629	114	8,744

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

Eliminations/ Corporate of Segment profit (loss) of 114 million yen includes non-allocatable common profits (net amount of common profit and loss) of 112 million yen and other adjustments of 1 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

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

2. Impairment loss on non-current assets or goodwill etc. by reportable segment

In the Paint Finishing System Division, one-time amortization of goodwill related to Geico S.p.A. ("Geico") is recognized as extraordinary loss in the consolidated financial statements. In the third quarter of the consolidated fiscal year, the decrease in goodwill related to Geico due to the said amortization etc. is 1,819 million yen.

(Significant changes in scope of consolidation for the third quarter of the fiscal year ending March 31, 2019)

During the first quarter of the fiscal year ending March 31, 2019, Geico S.p.A., a consolidated subsidiary of Taikisha Ltd., merged Geico Taikisha Europe Ltd., a consolidated subsidiary of Geico S.p.A.. As a result of the merger, Geico Taikisha Europe Ltd. was dissolved and excluded from the scope of consolidation.

(Additional information)

"Partial amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, revised on February 16, 2018) etc. have been applied from the first quarter of the fiscal year ending March 31, 2019. Deferred tax assets are recorded in the "Investments and other assets" and deferred tax liabilities are recorded in the "Non-current liabilities".

(Supplementary information)

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

Millions of yen

	Nine months ended December 31, 2017 (Apr. 1, 2017 - Dec. 31, 2017)		Nine months ended December 31, 2018 (Apr. 1, 2018 - Dec. 31, 2018)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
	Orders-received					
Green Technology System Division						
Building HVAC	33,598	20.6	39,717	21.3	6,119	18.2
Industrial HVAC	79,443	48.7	87,783	47.1	8,340	10.5
Total	113,041	69.3	127,501	68.4	14,460	12.8
[Overseas]	[27,705]	[17.0]	[28,331]	[15.2]	[626]	[2.3]
Paint Finishing System Division	49,971	30.7	59,027	31.6	9,056	18.1
[Overseas]	[41,151]	[25.2]	[48,521]	[26.0]	[7,370]	[17.9]
Total	163,012	100.0	186,529	100.0	23,517	14.4
[Overseas]	[68,857]	[42.2]	[76,852]	[41.2]	[7,995]	[11.6]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	32,300	19.9	30,192	19.5	(2,108)	(6.5)
Industrial HVAC	61,178	37.7	74,977	48.5	13,799	22.6
Total	93,479	57.6	105,170	68.0	11,691	12.5
[Overseas]	[25,825]	[15.9]	[29,297]	[19.0]	[3,472]	[13.4]
Paint Finishing System Division	68,738	42.4	49,432	32.0	(19,306)	(28.1)
[Overseas]	[59,431]	[36.7]	[41,775]	[27.0]	[(17,656)]	[(29.7)]
Total	162,217	100.0	154,603	100.0	(7,614)	(4.7)
[Overseas]	[85,257]	[52.6]	[71,072]	[46.0]	[(14,185)]	[(16.6)]
Construction carried forward						
Green Technology System Division						
Building HVAC	55,770	32.5	61,764	32.3	5,994	10.7
Industrial HVAC	58,803	34.2	63,736	33.3	4,933	8.4
Total	114,574	66.7	125,501	65.6	10,927	9.5
[Overseas]	[21,205]	[12.4]	[22,297]	[11.7]	[1,092]	[5.1]
Paint Finishing System Division	57,199	33.3	65,778	34.4	8,579	15.0
[Overseas]	[51,072]	[29.7]	[57,998]	[30.3]	[6,926]	[13.6]
Total	171,773	100.0	191,280	100.0	19,507	11.4
[Overseas]	[72,278]	[42.1]	[80,295]	[42.0]	[8,017]	[11.1]

(Note) 1. The amounts of orders received, net sales of completed construction contracts, and carried forward are the transacted amount with external customers.

2. In the previous consolidated cumulative third quarter, there is 2 million yen difference between net sales of completed construction contracts of 93,479 million yen and total sales of 93,481 million yen in the segment information by the Green Technology System Division.

There is 8 million yen difference between net sales of completed construction contracts of 68,738 million yen and total sales of 68,746 million yen in the segment information by the Paint Finishing System Division.

Above differences are due to intersegment sales.

3. In the consolidated cumulative third quarter, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division.

There is 0 million yen difference between net sales of completed construction contracts of 49,432 million yen and total sales of 49,433 million yen in the segment information by the Paint Finishing System Division.

Above difference is due to intersegment sales.

2. Statement for orders-received during this period, net sales of completed construction contracts during this period, and construction carried forward by division (Non-consolidated)

Millions of yen

	Nine months ended December 31, 2017 (Apr. 1, 2017 - Dec. 31, 2017)		Nine months ended December 31, 2018 (Apr. 1, 2018 - Dec. 31, 2018)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	31,885	31.9	37,380	32.5	5,495	17.2
Industrial HVAC	51,834	51.9	59,042	51.3	7,208	13.9
Total	83,719	83.8	96,422	83.8	12,703	15.2
[Overseas]	[247]	[0.2]	[95]	[0.1]	[(152)]	[(61.5)]
Paint Finishing System Division	16,228	16.2	18,684	16.2	2,456	15.1
[Overseas]	[9,573]	[9.6]	[9,798]	[8.5]	[225]	[2.4]
Total	99,947	100.0	115,107	100.0	15,160	15.2
[Overseas]	[9,821]	[9.8]	[9,894]	[8.6]	[73]	[0.7]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	30,809	37.3	28,548	32.7	(2,261)	(7.3)
Industrial HVAC	35,511	42.9	45,236	51.7	9,725	27.4
Total	66,320	80.2	73,784	84.4	7,464	11.3
[Overseas]	[240]	[0.3]	[84]	[0.1]	[(156)]	[(65.0)]
Paint Finishing System Division	16,417	19.8	13,626	15.6	(2,791)	(17.0)
[Overseas]	[8,533]	[10.3]	[7,390]	[8.5]	[(1,143)]	[(13.4)]
Total	82,738	100.0	87,410	100.0	4,672	5.6
[Overseas]	[8,773]	[10.6]	[7,474]	[8.6]	[(1,299)]	[(14.8)]
Construction carried forward						
Green Technology System Division						
Building HVAC	55,078	53.2	60,569	52.1	5,491	10.0
Industrial HVAC	37,571	36.3	41,460	35.7	3,889	10.4
Total	92,650	89.5	102,030	87.8	9,380	10.1
[Overseas]	[49]	[0.0]	[31]	[0.0]	[(18)]	[(36.7)]
Paint Finishing System Division	10,904	10.5	14,131	12.2	3,227	29.6
[Overseas]	[5,754]	[5.6]	[7,194]	[6.2]	[1,440]	[25.0]
Total	103,554	100.0	116,161	100.0	12,607	12.2
[Overseas]	[5,803]	[5.6]	[7,225]	[6.2]	[1,422]	[24.5]

3. Sales by regions

Nine months ended December 31, 2017 (April 1, 2017 - December 31, 2017)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
76,959	33,994	14,895	16,182	7,609	1,508	3,999	7,067	162,217

Nine months ended December 31, 2018 (April 1, 2018 - December 31, 2018)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
83,530	13,849	18,653	13,014	9,272	1,246	6,388	8,647	154,603