

Financial Report for the Second Quarter ended March, 2009

November 10, 2008

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

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

Name of company··· Taikisha Ltd.

Stock Exchange···· Tokyo Part1

Code No.········ 1979

Representative···· Yoshio Nakaya President and representative Director

Contact········ Takashi Sakurai Director and senior operative officer, control division general manager

Tel·········· (03)3343 - 1401

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

Scheduled date to submit Quarterly report·········· November 14, 2008

Scheduled date for dividend payment commencement········ December 1, 2008

(Round down to one million yen)

1. Consolidated Operating Performance (From April 1, 2008 to September 30, 2008)

(1) Consolidated Operation Result

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY08 2Q	83,790	-	2,836	-	3,423	-	1,482	-
FY07 2Q	81,046	(8.8)	1,053	(39.1)	1,529	(34.2)	(1,144)	-

	Net income per share	Net income per share after potential share adjustment
	yen	yen
FY08 2Q	40.32	-
FY07 2Q	(31.13)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
FY08 2Q	134,067	65,834	46.5	1,696.49
FY07	142,024	67,379	44.6	1,723.67

(Ref.) Equity capital FY08 2Q 62,389 million yen
FY07 63,391 million yen

2. Dividends

(Record date)	Dividend per share				
	1Q	2Q	3Q	At the end of FY	Total (annually)
	yen	yen	yen	yen	yen
FY07	-	15.00	-	20.00	35.00
FY08	-	15.00	-	-	30.00
FY08 (Projection)	-	-	-	15.00	

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

3. Forecast of Consolidated Operating Performance at End of March 2009 (From April 1, 2008 to March 31, 2009)

(% indicates increase ratio of full year over previous year and of second quarter over the same quarter in previous year)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	179,000	(2.2)	6,000	9.3	6,500	(0.0)	3,000	155.3	81.57

(Note) Whether the forecast for consolidated operating performance for the quarter under review has been revised:None

4. Others

- (1) Changes in major subsidiaries during the quarter (Changes in subsidiaries that affect consolidated financial results) : None
- (2) Application of simplified accounting procedures, or application of special accounting procedures in creating consolidated financial statements for the quarter under review : Yes
- (3) Changes in principles, procedures, and presentation method of accounting related to compilation of consolidated quarterly financial statements (Description of changes in important items that comprise the basic foundation in the compilation of consolidated quarterly financial statements)

Changes attendant with revisions in accounting principles: Yes

Other changes aside from above : Yes

- (4) Number of shares issued (common shares)

Number of shares issued at end of FY (including treasury shares)

FY08 2Q 36,782,009 shares

FY07 37,982,009 shares

Number of treasury shares at end of FY

FY08 2Q 6,323 shares

FY07 1,204,766 shares

Average number of common shares during the period

FY08 2Q 36,776,613 shares

FY07 2Q 36,777,960 shares

Explanation on the appropriate use of earnings forecasts and other notices

- (1) Forecasts are based on information available on the date of publication. Actual performance may differ from forecasts due to various subsequent factors.
- (2) From this consolidated fiscal year, we are applying Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan (ASBJ) Statement No.12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14). We also produce our consolidated quarterly financial statements in accordance with "Rules for Quarterly Consolidated Financial Statement" (Cabinet Office Ordinance No.64 of Japan)

Consolidated Financial Statement

(1) Consolidated Balance Sheet

in million yen

Item	FY08 2Q (Sept. 30, 08)	FY07 (Mar. 31, 08)	Item	FY08 2Q (Sept. 30, 08)	FY07 (Mar. 31, 08)
(Assets)			(Liabilities)		
Current assets	104,508	110,780	Current liabilities	61,282	66,827
Cash and deposits	16,619	34,029	Notes payable, accounts payable for construction contracts and other	39,081	45,213
Notes receivable, accounts receivable from completed construction contracts and other	55,212	48,736	Short-term loans payable	1,673	1,608
Costs on uncompleted construction contracts	21,942	20,601	Income taxes payable	1,485	458
Raw materials and supplies	483	544	Advances received on uncompleted construction contracts	10,873	13,429
Other	10,715	7,540	Provision for bonuses	764	-
Allowance for doubtful accounts	(464)	(673)	Provision for warranties for completed construction contracts	707	694
Noncurrent assets	29,558	31,243	Provision for loss on construction contracts	1,069	713
Property, plant and equipment	7,031	7,298	Other	5,628	4,709
Intangible assets	1,351	1,176	Noncurrent liabilities	6,950	7,816
Investments and other assets	21,175	22,769	Long-term loans payable	102	141
Investment securities	18,026	19,498	Provision for retirement benefits	3,393	3,617
Other	3,392	3,503	Provision for directors' retirement benefits	158	588
Allowance for doubtful accounts	(243)	(232)	Other	3,295	3,469
			Total liabilities	68,232	74,644
			(Net assets)		
			Shareholders' equity	59,076	58,331
			Capital stock	6,455	6,455
			Capital surplus	7,297	7,716
			Retained earnings	45,333	46,078
			Treasury stock	(10)	(1,919)
			Valuation and translation adjustments	3,313	5,060
			Valuation difference on available-for-sale securities	4,344	5,038
			Deferred gains or losses on hedges	7	(8)
			Foreign currency translation adjustment	(1,038)	30
			Minority interests	3,444	3,987
			Total net assets	65,834	67,379
Total Assets	134,067	142,024	Total net assets and liabilities	134,067	142,024

(2) Consolidated Income Statement

in million yen

Items	FY08 2Q (Apr.1,08-Sept. 30, 08)
	Amounts
Net sales of completed construction contracts	83,790
Cost of sales of completed construction contracts	73,392
Gross profit on completed construction contracts	10,398
Selling, general and administrative expenses	7,561
Operating income	2,836
Non-operating income	
Interest income	177
Dividends income	215
Dividends income of insurance	168
Real estate rent	75
Equity in earnings of affiliates	28
Foreign exchange gains	67
Other	93
Total Non-operating income	826
Non-operating expenses	
Interest expenses	43
Rent expenses on real estates	80
Devidend distribution tax	37
Other	78
Total Non-operating expenses	240
Ordinary income	3,423
Extraordinary income	
Reversal of allowance for doubtful accounts	131
Gain on sales of investment securities	5
Gain on disposal of noncurrent assets	13
Reversal of provision for directors' retirement benefits	22
Total Extraordinary income	172
Extraordinary loss	
Loss on retirement of noncurrent assets	27
Loss on valuation of investment securities	548
Appropriation of employees' bonus and welfare reserve	41
Total Extraordinary loss	616
Income before income taxes and minority interests	2,979
Income taxes-current	1,657
Income taxes-deferred	(364)
Total Income taxes	1,293
Minority interests in income	203
Net income	1,482

(3) Consolidated Cash Flow Statement

in million yen

Items	FY08 2Q (Apr.1,08 - Sept. 30, 08)
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	2,979
Depreciation and amortization	511
Increase (decrease) in allowance for doubtful accounts	(86)
Increase (decrease) in provision for retirement benefits	(117)
Increase (decrease) in provision for directors' retirement benefits	(75)
Increase (decrease) in provision for loss on construction contracts	395
Interest and dividends income	(393)
Interest expenses	43
Loss (gain) on sales of investment securities	(5)
Loss (gain) on disposal of property, plant and equipment and intangible assets	13
Loss (gain) on valuation of investment securities	548
Decrease (increase) in notes and accounts receivable-trade	(7,921)
Decrease (increase) in inventories	(1,400)
Decrease (increase) in advances paid	1,448
Decrease (increase) in accounts receivable-other	(167)
Increase (decrease) in notes and accounts payable-trade	(5,095)
Increase (decrease) in advances received on uncompleted construction contracts	(1,840)
Increase (decrease) in accrued consumption taxes	(112)
Increase (decrease) in deposits received	(375)
Increase (decrease) in accrued expenses	(513)
Other, net	(1,788)
Subtotal	(13,953)
Interest and dividends income received	401
Interest expenses paid	(42)
Income taxes paid	(619)
Net cash provided by (used in) operating activities	(14,214)
Net cash provided by (used in) investment activities	
Payments into time deposits	(1,945)
Proceeds from withdrawal of time deposits	1,840
Purchase of property, plant and equipment and intangible assets	(820)
Proceeds from sales of property, plant and equipment and intangible assets	99
Purchase of investment securities	(729)
Proceeds from sales of investment securities	464
Payments of long-term loans receivable	(15)
Collection of long-term loans receivable	47
Purchase of insurance funds	(3)
Proceeds from maturity of insurance funds	51
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(13)
Other, net	(36)
Net cash provided by (used in) investment activities	(1,060)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	187
Repayment of long-term loans payable	(110)
Proceeds from sales of treasury stock	0
Purchase of treasury stock	(2)
Cash dividends paid	(735)
Cash dividends paid to minority shareholders	(288)
Net cash provided by (used in) financing activities	(949)
Effect of exchange rate change on cash and cash equivalents	(915)
Net increase (decrease) in cash and cash equivalents	(17,139)
Cash and cash equivalents at beginning of period	31,937
Cash and cash equivalents at end of period	14,797

(Segment information)

1. Industry segments

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

2. Geographical segments

in million yen								
	FY07 2Q (Apr.1,07-Sept. 30,07)							
	Japan	North America	Southeast Asia	East Asia	Other areas	Total	minations/Corporate	Consolidated
Sales and operating income (loss)								
Sales								
Sales to customers	47,784	2,929	17,976	5,891	6,463	81,046	-	81,046
Intersegment	950	26	57	48	199	1,282	(1,282)	-
Total	48,735	2,956	18,034	5,939	6,662	82,328	(1,282)	81,046
Operating income (loss)	(666)	(95)	948	264	490	941	112	1,053

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

2. Major countries in the classification, except Japan.

- (1) North America USA, Canada
- (2) Southeast Asia Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam
- (3) East Asia China, Taiwan, Korea
- (4) Other areas UK, India

in million yen								
	FY08 2Q (Apr.1,08-Sept. 30,08)							
	Japan	North America	Southeast Asia	East Asia	Other areas	Total	minations/Corporate	Consolidated
Sales and operating income (loss)								
Sales								
Sales to customers	52,170	7,564	18,008	3,528	2,518	83,790	-	83,790
Intersegment	1,500	7	64	8	5	1,585	(1,585)	-
Total	53,671	7,571	18,072	3,536	2,524	85,376	(1,585)	83,790
Operating income (loss)	2,177	(234)	902	94	(344)	2,594	242	2,836

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

2. Major countries in the classification, except Japan.

- (1) North America USA, Canada
- (2) Southeast Asia Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam
- (3) East Asia China, Taiwan, Korea
- (4) Other areas UK, India

3. Overseas sales

in million yen						
		North America	Southeast Asia	East Asia	Other areas	Total
FY07 2Q (Apr.1,07-Sept. 30,07)	Overseas sales	2,652	18,527	7,138	11,672	39,990
	Total sales					81,046
	Ratio of overseas sales to total sales (%)	3.3	22.8	8.8	14.4	49.3
FY08 2Q (Apr.1,08-Sept. 30,08)	Overseas sales	7,221	18,960	6,873	4,102	37,158
	Total sales					83,790
	Ratio of overseas sales to total sales (%)	8.6	22.6	8.2	4.9	44.3

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

2. Major countries in the classification, except Japan.

- (1) North America USA, Canada
- (2) Southeast Asia Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam
- (3) East Asia China, Taiwan, Korea
- (4) Other areas Previous fiscal year: UK, Romania, India
Current fiscal year: UK, France, Hungary, India

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

(Supplementary information)

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

in million yen

Division			FY07 2Q (Apr.1,07- Sept.30,07)		FY08 2Q (Apr.1,08- Sept.30,08)		Increase (decrease)	
			Amounts	%	Amounts	%	Amounts	%
Orders-received construction during this period	Green Technology System Division	HVAC for buildings	16,388	21.1 %	14,466	13.9 %	(1,922)	(11.7) %
		Industrial HVAC	43,479	55.9	44,752	43.0	1,273	2.9
		Total	59,868	77.0	59,219	56.9	(649)	(1.1)
		[Overseas]	[19,245]	[24.7]	[18,521]	[17.8]	[(724)]	[(3.8)]
	Paint Finishing System Division	17,897	23.0	44,945	43.1	27,048	151.1	
	[Overseas]	[10,240]	[13.2]	[27,039]	[25.9]	[16,799]	[164.1]	
	Total	77,766	100.0	104,165	100.0	26,399	33.9	
[Overseas]	[29,486]	[37.9]	[45,560]	[43.7]	[16,074]	[54.5]		
Sales of construction during this period	Green Technology System Division	HVAC for buildings	18,896	23.3	9,789	11.7	(9,107)	(48.2)
		Industrial HVAC	36,521	45.1	39,121	46.7	2,600	7.1
		Total	55,417	68.4	48,910	58.4	(6,507)	(11.7)
		[Overseas]	[18,661]	[23.0]	[15,681]	[18.7]	[(2,980)]	[(16.0)]
	Paint Finishing System Division	25,628	31.6	34,879	41.6	9,251	36.1	
	[Overseas]	[21,329]	[26.3]	[21,477]	[25.6]	[148]	[0.7]	
	Total	81,046	100.0	83,790	100.0	2,744	3.4	
[Overseas]	[39,990]	[49.3]	[37,158]	[44.3]	[(2,832)]	[(7.1)]		

(References)

1. Abbreviated Consolidated Income Statement (FY07 2Q)

in million yen

Items	FY07 2Q (Apr.1,07-Sept. 30, 07)
	Amounts
Net sales of completed construction contracts	81,046
Cost of sales of completed construction contracts	73,044
Gross profit on completed construction contracts	8,001
Selling, general and administrative expenses	6,948
Operating income	1,053
Non-operating income	707
Non-operating expenses	230
Ordinary income	1,529
Extraordinary income	56
Extraordinary loss	124
Income before income taxes and minority interests	1,461
Income taxes-current	881
Income taxes-deferred	1,280
Minority interests in income	444
Net income (loss)	(1,144)