

Financial Report for the Third Quarter ended March, 2010

February 8, 2010

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·····Yoshiro Nakaya ,President and representative Director

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Scheduled date to submit Quarterly report·········· February 12, 2010

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2009 through December 31, 2009)

(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	%
FY09 3Q	83,348	(27.6)	2,223	(26.0)	2,489	(30.0)	1,183	66.9
FY08 3Q	115,094	-	3,006	-	3,556	-	709	-

	Net income per share	Net income per share after potential share adjustment
	yen	yen
FY09 3Q	32.18	—
FY08 3Q	19.31	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
FY09 3Q	116,258	63,684	52.0	1,642.80
FY08	119,483	61,441	48.9	1,590.08

(Ref.) Equity capital FY09 3Q 60,406 million yen
FY08 58,468 million yen

2. Dividends

(Record date)	Dividend per share				
	1Q	2Q	3Q	At the end of FY	Total (annually)
FY08	yen —	yen 15.00	yen —	yen 15.00	yen 30.00
FY09	—	15.00			
FY09 (Forecast)			—	15.00	30.00

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

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2010 (April 1, 2009 through March 31, 2010)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	118,000	(29.5)	2,500	(57.3)	3,000	(55.2)	2,600	(15.4)	70.71

(Note) Whether the forecast for consolidated operating performance for the quarter under review has been revised: Yes

4. Others

- (1) Changes in major subsidiaries during the quarter (Changes in subsidiaries that affect consolidated financial results) : None
- (2) Simplified accounting process or accounting process specific to Consolidated Quarterly Financial Statements : 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)
- ① Changes attendant with revisions in accounting principles: Yes
 - ② Other changes aside from ① above : None

(4) Number of shares issued (common shares)

① Number of shares issued at end of FY (including treasury shares)

FY09 3Q	36,782,009 shares
FY08	36,782,009 shares

② Number of treasury shares at end of FY

FY09 3Q	11,785 shares
FY08	11,248 shares

③ Average number of common shares during the period

FY09 3Q	36,769,664 shares
FY08 3Q	36,775,310 shares

※ Cautionary statement regarding forward-looking statements

Data and forward-looking statements disclosed herein are based on information current as of today, and may change depending upon various factors. The data and judgments do not guarantee accomplishment of goals and projections, and may be changed at any time without notice. Consequently, we ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. Our company will not be responsible for any damages that result from the use of this information.

1 Consolidated Financial Statement
(1) Consolidated Balance Sheet

Millions of yen

	FY09 3Q (Dec. 31, 09)	FY08 4Q (Mar. 31, 09)
Assets		
Current assets		
Cash and deposits	30,859	28,305
Notes receivable, accounts receivable from completed construction contracts and other	34,345	44,995
Costs on uncompleted construction contracts	16,674	17,386
Raw materials and supplies	338	393
Other	7,911	5,011
Allowance for doubtful accounts	(242)	(257)
Total current assets	<u>89,887</u>	<u>95,834</u>
Noncurrent assets		
Property, plant and equipment	7,065	6,524
Intangible assets	1,516	1,469
Investments and other assets		
Investment securities	15,351	12,921
Other	3,173	3,415
Allowance for doubtful accounts	(734)	(682)
Total investments and other assets	<u>17,789</u>	<u>15,654</u>
Total noncurrent assets	<u>26,371</u>	<u>23,648</u>
Total assets	<u>116,258</u>	<u>119,483</u>
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	23,593	32,953
Short-term loans payable	1,489	1,626
Income taxes payable	334	1,145
Advances received on uncompleted construction contracts	14,666	12,037
Provision for bonuses	14	-
Provision for warranties for completed construction	558	556
Provision for loss on construction contracts	816	850
Other	5,277	4,636
Total current liabilities	<u>46,750</u>	<u>53,807</u>
Noncurrent liabilities		
Long-term loans payable	542	65
Provision for retirement benefits	3,164	3,051
Provision for directors' retirement benefits	198	168
Other	1,917	949
Total noncurrent liabilities	<u>5,823</u>	<u>4,234</u>
Total liabilities	<u>52,574</u>	<u>58,041</u>
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,297	7,297
Retained earnings	46,452	46,372
Treasury stock	(16)	(15)
Total shareholders' equity	<u>60,188</u>	<u>60,109</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,170	1,608
Deferred gains or losses on hedges	18	9
Foreign currency translation adjustment	(2,971)	(3,258)
Total valuation and translation adjustments	<u>217</u>	<u>(1,640)</u>
Minority interests	3,278	2,973
Total net assets	<u>63,684</u>	<u>61,441</u>
Total liabilities and net assets	<u>116,258</u>	<u>119,483</u>

(2) Consolidated Income Statement

Millions of yen

	FY08 3Q (Apr.1, 08 - Dec. 31, 08)	FY09 3Q (Apr.1, 09 - Dec. 31, 09)
Net sales of completed construction contracts	115,094	83,348
Cost of sales of completed construction contracts	100,125	71,288
Gross profit on completed construction contracts	14,968	12,059
Selling, general and administrative expenses	11,961	9,835
Operating income	3,006	2,223
Non-operating income		
Interest income	263	141
Dividends income	304	216
Dividends income of insurance	174	73
Real estate rent	112	101
Equity in earnings of affiliates	9	30
Other	117	137
Total non-operating income	982	699
Non-operating expenses		
Interest expenses	65	52
Rent expenses on real estates	102	79
Foreign exchange losses	96	167
Dividends distribution tax	35	1
Provision of allowance for doubtful accounts	-	92
Other	132	40
Total non-operating expenses	432	433
Ordinary income	3,556	2,489
Extraordinary income		
Reversal of allowance for doubtful accounts	372	118
Gain on sales of investment securities	5	9
Gain on disposal of noncurrent assets	16	21
Reversal of provision for directors' retirement benefits	22	-
Other	-	180
Total extraordinary income	417	330
Extraordinary loss		
Loss on disposal of noncurrent assets	34	4
Loss on valuation of investment securities	1,032	32
Loss on valuation of golf club membership	2	-
Appropriation of employees' bonus and welfare reserve	41	-
Other	-	56
Total extraordinary losses	1,111	93
Income before income taxes and minority interests	2,862	2,726
Income taxes-current	1,629	499
Income taxes-deferred	52	903
Total income taxes	1,681	1,403
Minority interests in income	470	140
Net income	709	1,183

(3) Consolidated Cash Flow Statement

	Millions of yen	
	FY08 3Q	FY09 3Q
	(Apr.1, 08 - Dec. 31, 08)	(Apr.1, 09 - Dec. 31, 09)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,862	2,726
Depreciation and amortization	771	799
Increase (decrease) in allowance for doubtful accounts	239	29
Increase (decrease) in provision for retirement benefits	(167)	15
Increase (decrease) in provision for directors' retirement benefits	(70)	30
Increase (decrease) in provision for loss on construction contracts	334	(37)
Interest and dividends income	(568)	(357)
Interest expenses	65	52
Loss (gain) on sales of investment securities	(5)	(9)
Loss (gain) on disposal of property, plant and equipment and intangible assets	18	(17)
Loss (gain) on valuation of investment securities	1,032	32
Decrease (increase) in notes and accounts receivable-trade	(1,573)	11,355
Decrease (increase) in inventories	(8,656)	1,069
Decrease (increase) in advances paid	1,726	(4)
Decrease (increase) in accounts receivable-other	49	7
Increase (decrease) in notes and accounts payable-trade	(4,002)	(9,688)
Increase (decrease) in advances received on uncompleted construction contracts	4,381	2,651
Increase (decrease) in accrued consumption taxes	(956)	(94)
Increase (decrease) in deposits received	122	373
Increase (decrease) in accrued expenses	(268)	(141)
Other, net	(1,391)	(2,437)
Subtotal	<u>(6,056)</u>	<u>6,357</u>
Interest and dividends income received	577	357
Interest expenses paid	(63)	(46)
Income taxes paid	<u>(1,475)</u>	<u>(1,858)</u>
Net cash provided by (used in) operating activities	<u>(7,017)</u>	<u>4,810</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(3,155)	(156)
Proceeds from withdrawal of time deposits	1,803	2,823
Purchase of property, plant and equipment and intangible assets	(1,093)	(767)
Proceeds from sales of property, plant and equipment and intangible assets	127	171
Purchase of investment securities	(933)	(56)
Proceeds from sales of investment securities	438	42
Purchase of investments in subsidiaries	-	(0)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	46
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(13)	-
Payments of long-term loans receivable	(203)	(26)
Collection of long-term loans receivable	53	23
Purchase of insurance funds	(12)	(95)
Proceeds from maturity of insurance funds	156	164
Other, net	2	(11)
Net cash provided by (used in) investing activities	<u>(2,831)</u>	<u>2,158</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	163	(385)
Proceeds from long-term loans payable	6	-
Repayment of long-term loans payable	(117)	(121)
Repayments of lease obligations	-	(35)
Net decrease (increase) in treasury stock	-	(0)
Purchase of treasury stock	(10)	-
Proceeds from sales of treasury stock	2	-
Cash dividends paid	(1,287)	(1,103)
Cash dividends paid to minority shareholders	(288)	(262)
Net cash provided by (used in) financing activities	<u>(1,531)</u>	<u>(1,908)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(1,358)</u>	<u>34</u>
Net increase (decrease) in cash and cash equivalents	<u>(12,739)</u>	<u>5,094</u>
Cash and cash equivalents at beginning of period	<u>31,937</u>	<u>25,267</u>
Cash and cash equivalents at end of period	<u>19,198</u>	<u>30,361</u>

(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

Millions of yen

	FY08 3Q (Apr.1,08 - Dec.31,08)							Eliminations Corporate	Consolidated
	Japan	North America	Southeast Asia	East Asia	Other areas	Total			
Sales and operating income (loss)									
Sales									
Sales to customers	68,318	9,951	27,238	5,395	4,189	115,094	-	115,094	
Intersegment	2,178	16	72	72	22	2,360	(2,360)	-	
Total	70,496	9,967	27,310	5,468	4,211	117,455	(2,360)	115,094	
Operating income (loss)	1,542	(285)	1,435	14	(201)	2,505	501	3,006	

(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

Millions of yen

	FY09 3Q (Apr.1,09 - Dec.31,09)							Eliminations Corporate	Consolidated
	Japan	North America	Southeast Asia	East Asia	Other areas	Total			
Sales and operating income (loss)									
Sales									
Sales to customers	54,205	7,667	14,333	5,036	2,105	83,348	-	83,348	
Intersegment	608	12	29	58	21	730	(730)	-	
Total	54,814	7,679	14,363	5,095	2,126	84,079	(730)	83,348	
Operating income (loss)	1,176	(128)	435	346	71	1,900	323	2,223	

(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. "Accounting Standard for Construction Contracts" was adopted effective the 1st quarter of this fiscal year.

As a result, sales in Japan increased by 11,061 million yen and operating income in Japan increased by 1,381 million yen compared with the former method.

3. Overseas sales

Millions of yen

		North America	Southeast Asia	East Asia	Other areas	Total
FY09 3Q (Apr.1,09 - Dec.31,09)	Overseas sales	7,375	15,253	10,183	5,149	37,961
	Total sales					83,348
	Ratio of overseas sales to total sales (%)	8.8	18.3	12.2	6.2	45.5
FY08 3Q (Apr.1,08 - Dec.31,08)	Overseas sales	9,808	28,763	9,103	7,259	54,933
	Total sales					115,094
	Ratio of overseas sales to total sales (%)	8.5	25.0	7.9	6.3	47.7

(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, France, Hungary, India
Current fiscal year: UK, India

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

4. "Accounting Standard for Construction Contracts" was adopted effective the 1st quarter of this fiscal year.

As a result, sales in Southeast Asia increased by 65 million yen and sales in East Asia increased by 1,841 million yen and other areas increased by 502 million yen compared with the former method.

(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)

Millions of yen

Division			FY08 3Q		FY09 3Q		Increase (decrease)	
			(Apr.1,08 - Dec.31,08)		(Apr.1,09 - Dec.31,09)			
			Amounts	%	Amounts	%	Amounts	%
Orders-received construction during this period	Green Technology System Division	HVAC for buildings	18,971	13.7 %	25,555	31.1 %	6,584	34.7 %
		Industrial HVAC	60,715	44.0	36,290	44.2	(24,425)	(40.2)
		Total	79,687	57.7	61,846	75.3	(17,841)	(22.4)
		[Overseas]	[25,770]	[18.7]	[15,639]	[19.0]	[(10,131)]	[(39.3)]
	Paint Finishing System Division	58,369	42.3	20,292	24.7	(38,077)	(65.2)	
	[Overseas]	[37,112]	[26.8]	[15,319]	[18.7]	[(21,793)]	[(58.7)]	
Total	138,056	100.0	82,138	100.0	(55,918)	(40.5)		
[Overseas]	[62,883]	[45.5]	[30,959]	[37.7]	[(31,924)]	[(50.8)]		
Sales of construction during this period	Green Technology System Division	HVAC for buildings	14,870	12.9	18,140	21.7	3,270	22.0
		Industrial HVAC	55,120	47.9	35,816	43.0	(19,304)	(35.0)
		Total	69,991	60.8	53,956	64.7	(16,035)	(22.9)
		[Overseas]	[24,069]	[20.9]	[15,016]	[18.0]	[(9,053)]	[(37.6)]
	Paint Finishing System Division	45,103	39.2	29,391	35.3	(15,712)	(34.8)	
	[Overseas]	[30,864]	[26.8]	[22,945]	[27.5]	[(7,919)]	[(25.7)]	
Total	115,094	100.0	83,348	100.0	(31,746)	(27.6)		
[Overseas]	[54,933]	[47.7]	[37,961]	[45.5]	[(16,972)]	[(30.9)]		
Construction carried forward	Green Technology System Division	HVAC for buildings	29,141	20.8	43,898	40.6	14,757	50.6
		Industrial HVAC	46,878	33.5	32,986	30.5	(13,892)	(29.6)
		Total	76,019	54.3	76,885	71.1	866	1.1
		[Overseas]	[17,047]	[12.2]	[11,087]	[10.2]	[(5,960)]	[(35.0)]
	Paint Finishing System Division	63,960	45.7	31,314	28.9	(32,646)	(51.0)	
	[Overseas]	[43,732]	[31.2]	[20,548]	[19.0]	[(23,184)]	[(53.0)]	
Total	139,979	100.0	108,200	100.0	(31,779)	(22.7)		
[Overseas]	[60,779]	[43.4]	[31,636]	[29.2]	[(29,143)]	[(47.9)]		