

# Financial Report for the First Quarter of the Fiscal Year ending March 31, 2015

August 8, 2014

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 No.....1979  
Representative..... Satoru Kamiyama, President and Representative Director  
Contact..... Koji Kato, Director and Executive Corporate Officer, Administrative Management Headquarters Chief Executive  
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URL..... <http://www.taikisha.co.jp/>  
Scheduled date to submit Quarterly report : August 14, 2014  
Scheduled date to commence dividend payments : —  
Supplemental materials prepared for financial results : None  
Earnings announcement for financial results : None

(Round down to one million yen)

## 1. Consolidated Operating Performance (April 1, 2014 through June 30, 2014)

### (1) Consolidated operating result

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended								
June 30, 2014	39,162	(7.0)	780	(36.8)	955	(36.9)	669	66.0
June 30, 2013	42,104	(7.0)	1,235	(51.2)	1,514	(42.1)	403	(69.8)

(Note) Comprehensive income Three months ended June 30, 2014 68 million yen (98.0) %  
Three months ended June 30, 2013 3,419 million yen 143.2 %

	Net income per share	Net income per share after potential share adjustment
Three months ended	yen	yen
June 30, 2014	19.00	—
June 30, 2013	11.18	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
As of	million yen	million yen	%
June 30, 2014	163,942	85,937	50.2
March 31, 2014	166,680	84,712	48.3

(Note) Shareholders' Equity As of June 30, 2014 82,229 million yen  
As of March 31, 2014 80,448 million yen

## 2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Full year	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2014	—	20.00	—	25.00	45.00
March 31, 2015	—	—	—	—	—
Year ending March 31, 2015 (Forecast)	—	20.00	—	25.00	45.00

(Note) Revisions to forecasts of dividends : None

## 3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2015 (April 1, 2014 through March 31, 2015)

(% 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
Half year	84,500	(0.5)	2,300	(6.0)	2,600	(20.0)	1,200	67.6	33.52
Full year	193,500	4.4	8,800	8.9	9,500	2.2	5,100	22.7	142.46

(Note) Revisions to forecasts of earnings : None

#### 4. Others

(1) Changes in major subsidiaries during the period (Changes in subsidiaries that affect consolidated financial results) : None

(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. : Yes

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatements : None

(4) Number of shares issued (common stock)

(i) Number of shares issued at end of period (including treasury stock )

As of June 30, 2014 36,782,009 shares

As of March 31, 2014 36,782,009 shares

(ii) Number of shares of treasury stock at end of period

As of June 30, 2014 1,537,227 shares

As of March 31, 2014 1,537,054 shares

(iii) Average number of shares of common stock during the period

Three months ended June 30, 2014 35,244,842 shares

Three months ended June 30, 2013 36,047,505 shares

※ Notice of status of implementation for quarterly review procedures

This financial report is not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act.

Quarterly review procedures for the consolidated financial statements in accordance with the Financial Instruments and Exchange Act have not been completed as at the time of disclosure of this financial report.

※ 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, 2014	As of June 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	39,831	42,081
Notes receivable, accounts receivable from completed construction contracts and other	73,298	66,854
Securities	6,009	2,018
Costs on uncompleted construction contracts	3,741	3,337
Raw materials and supplies	410	482
Other	8,623	10,985
Allowance for doubtful accounts	(301)	(257)
Total current assets	<u>131,613</u>	<u>125,503</u>
Non-current assets		
Property, plant and equipment	8,769	8,603
Intangible assets		
Goodwill	2,779	2,674
Other	936	915
Total intangible assets	<u>3,715</u>	<u>3,589</u>
Investments and other assets		
Investment securities	19,634	20,759
Net defined benefit asset	—	2,482
Other	2,978	3,067
Allowance for doubtful accounts	(31)	(63)
Total investments and other assets	<u>22,582</u>	<u>26,246</u>
Total non-current assets	<u>35,067</u>	<u>38,439</u>
Total assets	<u>166,680</u>	<u>163,942</u>
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	44,600	38,936
Short-term loans payable	5,850	5,946
Income taxes payable	950	530
Advances received on uncompleted construction contracts	13,029	14,853
Provision for bonuses	—	65
Provision for warranties for completed construction	759	661
Provision for loss on construction contracts	1,010	718
Provision for directors' bonuses	78	—
Provision for loss on Anti-Monopoly Act	592	592
Other	6,503	6,459
Total current liabilities	<u>73,375</u>	<u>68,765</u>
Non-current liabilities		
Long-term loans payable	491	1,521
Provision for directors' retirement benefits	99	78
Reserve for loss on dissolution of employees' pension fund	651	651
Net defined benefit liability	2,625	1,231
Other	4,725	5,757
Total non-current liabilities	<u>8,592</u>	<u>9,239</u>
Total liabilities	<u>81,968</u>	<u>78,005</u>

Millions of yen

	As of March 31, 2014	As of June 30, 2014
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,344	7,344
Retained earnings	61,908	64,141
Treasury shares	(2,915)	(2,916)
Total shareholders' equity	<u>72,792</u>	<u>75,024</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,765	6,900
Deferred gains or losses on hedges	(6)	14
Foreign currency translation adjustment	1,158	597
Remeasurements of defined benefit plans	(261)	(309)
Total accumulated other comprehensive income	<u>7,656</u>	<u>7,204</u>
Minority interests	<u>4,263</u>	<u>3,708</u>
Total net assets	<u>84,712</u>	<u>85,937</u>
Total liabilities and net assets	<u>166,680</u>	<u>163,942</u>

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

Millions of yen

	Three months ended June 30, 2013 Apr. 1, 2013 - Jun. 30, 2013	Three months ended June 30, 2014 Apr. 1, 2014 - Jun. 30, 2014
Net sales of completed construction contracts	42,104	39,162
Cost of sales of completed construction contracts	36,641	34,217
Gross profit on completed construction contracts	5,462	4,944
Selling, general and administrative expenses	4,227	4,163
Operating income	1,235	780
Non-operating income		
Interest income	85	118
Dividends income	106	121
Real estate rent	33	34
Foreign exchange gains	68	—
Reversal of allowance for doubtful accounts	5	5
Share of profit of entities accounted for using equity method	24	—
Other	103	66
Total non-operating income	427	345
Non-operating expenses		
Interest expenses	54	58
Rent expenses on real estates	17	7
Foreign exchange losses	—	33
Share of loss of entities accounted for using equity method	—	37
Other	76	34
Total non-operating expenses	148	171
Ordinary income	1,514	955
Extraordinary income		
Gain on disposal of non-current assets	6	1
Gain on sales of investment securities	53	—
Total extraordinary income	60	1
Extraordinary losses		
Loss on disposal of non-current assets	26	1
Loss on valuation of investment securities	—	0
Loss on sales of shares of subsidiaries and associates	73	—
Total extraordinary losses	100	2
Income before income taxes and minority interests	1,474	954
Income taxes - current	841	592
Income taxes - deferred	(97)	(328)
Total income taxes	743	264
Income before minority interests	730	690
Minority interests in income	327	20
Net income	403	669

Consolidated Statements of Comprehensive Income

Millions of yen

	Three months ended June 30, 2013 Apr. 1, 2013 - Jun. 30, 2013	Three months ended June 30, 2014 Apr. 1, 2014 - Jun. 30, 2014
Income before minority interests	730	690
Other comprehensive income		
Valuation difference on available-for-sale securities	805	135
Deferred gains or losses on hedges	22	21
Foreign currency translation adjustment	1,817	(705)
Remeasurements of defined benefit plans, net of tax	—	(43)
Share of other comprehensive income of entities accounted for using equity method	43	(28)
Total other comprehensive income	<u>2,688</u>	<u>(621)</u>
Comprehensive income	<u>3,419</u>	<u>68</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,933	217
Comprehensive income attributable to minority interests	486	(149)

## (Segment information)

## 1. Sales and profits or losses by reportable segments

Millions of yen

Three months ended June 30, 2013 (Apr. 1, 2013 - Jun. 30, 2013)					
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Sales					
Sales to customers	26,904	15,200	42,104	—	42,104
Intersegment	0	35	35	(35)	—
Total	26,904	15,235	42,140	(35)	42,104
Segment profit	1,185	292	1,478	35	1,514

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

(1) Eliminations/ Corporate of Segment profit of ¥35 million includes non-allocatable common costs of ¥41 million and other adjustment of minus ¥5 million.

Non-allocatable common costs is mainly dividend income etc. those are not attributed to any reportable segments.

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

Millions of yen

Three months ended June 30, 2014 (Apr. 1, 2014 - Jun. 30, 2014)					
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Sales					
Sales to customers	24,187	14,974	39,162	—	39,162
Intersegment	4	30	34	(34)	—
Total	24,191	15,004	39,196	(34)	39,162
Segment profit	443	328	771	183	955

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

(1) Eliminations/ Corporate of Segment profit of ¥183 million includes non-allocatable common costs of ¥185 million and other adjustment of minus ¥1 million.

Non-allocatable common costs is mainly dividend income etc. those are not attributed to any reportable segments.

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

## (Supplementary information)

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

Millions of yen

Division	Three months ended June 30, 2013 (Apr. 1, 2013 - Jun. 30, 2013)		Three months ended June 30, 2014 (Apr. 1, 2014 - Jun. 30, 2014)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
	Orders-received					
Green Technology System Division						
HVAC for buildings	17,547	38.6	10,292	24.0	(7,255)	(41.3)
Industrial HVAC	20,276	44.6	19,286	44.9	(990)	(4.9)
Total	37,823	83.2	29,579	68.9	(8,244)	(21.8)
[Overseas]	[ 13,129 ]	[ 28.9 ]	[ 9,797 ]	[ 22.8 ]	[ (3,332) ]	[ (25.4) ]
Paint Finishing System Division	7,649	16.8	13,367	31.1	5,718	74.8
[Overseas]	[ 6,147 ]	[ 13.5 ]	[ 9,915 ]	[ 23.1 ]	[ 3,768 ]	[ 61.3 ]
Total	45,473	100.0	42,947	100.0	(2,526)	(5.6)
[Overseas]	[ 19,276 ]	[ 42.4 ]	[ 19,712 ]	[ 45.9 ]	[ 436 ]	[ 2.3 ]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	4,894	11.6	9,643	24.6	4,749	97.0
Industrial HVAC	22,009	52.3	14,544	37.2	(7,465)	(33.9)
Total	26,904	63.9	24,187	61.8	(2,717)	(10.1)
[Overseas]	[ 15,934 ]	[ 37.9 ]	[ 8,937 ]	[ 22.8 ]	[ (6,997) ]	[ (43.9) ]
Paint Finishing System Division	15,200	36.1	14,974	38.2	(226)	(1.5)
[Overseas]	[ 13,954 ]	[ 33.1 ]	[ 13,270 ]	[ 33.9 ]	[ (684) ]	[ (4.9) ]
Total	42,104	100.0	39,162	100.0	(2,942)	(7.0)
[Overseas]	[ 29,889 ]	[ 71.0 ]	[ 22,208 ]	[ 56.7 ]	[ (7,681) ]	[ (25.7) ]
Construction Carried forward						
Green Technology System Division						
HVAC for buildings	40,678	29.4	46,062	31.2	5,384	13.2
Industrial HVAC	38,484	27.8	39,800	27.0	1,316	3.4
Total	79,162	57.2	85,862	58.2	6,700	8.5
[Overseas]	[ 27,781 ]	[ 20.1 ]	[ 26,502 ]	[ 18.0 ]	[ (1,279) ]	[ (4.6) ]
Paint Finishing System Division	59,139	42.8	61,783	41.8	2,644	4.5
[Overseas]	[ 57,472 ]	[ 41.5 ]	[ 57,482 ]	[ 38.9 ]	[ 10 ]	[ 0.0 ]
Total	138,302	100.0	147,646	100.0	9,344	6.8
[Overseas]	[ 85,254 ]	[ 61.6 ]	[ 83,984 ]	[ 56.9 ]	[ (1,270) ]	[ (1.5) ]

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

2. In the fiscal year, there is ¥4 million difference between the sales of construction of ¥24,187 million and total sales of ¥24,191 million in the segment information by the Green Technology System Division.  
There is ¥30 million difference between the sales of construction of ¥14,974 and total sales of ¥15,004 in the segment information by Paint Finishing System Division.  
Above differences are due to intersegment sales.

3. In the previous year, there is ¥0 million difference between the sales of construction of ¥26,904 million and total sales of ¥26,904 million in the segment information by the Green Technology System Division.  
There is ¥35 million difference between the sales of construction of ¥15,200 million and total sales of ¥15,235 million in the segment information by Paint Finishing System Division.  
Above differences are due to intersegment sales.



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

Millions of yen

	Three months ended June 30, 2013 (Apr. 1, 2013 - Jun. 30, 2013)		Three months ended June 30, 2014 (Apr. 1, 2014 - Jun. 30, 2014)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	17,064	59.5	9,585	38.4	(7,479)	(43.8)
Industrial HVAC	7,361	25.6	9,523	38.2	2,162	29.4
Total	24,426	85.1	19,109	76.6	(5,317)	(21.8)
[Overseas]	[ 248 ]	[ 0.9 ]	[ 59 ]	[ 0.3 ]	[ (189) ]	[ (76.2) ]
Paint Finishing System Division	4,267	14.9	5,841	23.4	1,574	36.9
[Overseas]	[ 3,189 ]	[ 11.1 ]	[ 2,652 ]	[ 10.6 ]	[ (537) ]	[ (16.8) ]
Total	28,693	100.0	24,951	100.0	(3,742)	(13.0)
[Overseas]	[ 3,438 ]	[ 12.0 ]	[ 2,711 ]	[ 10.9 ]	[ (727) ]	[ (21.1) ]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	4,582	28.0	9,289	49.2	4,707	102.7
Industrial HVAC	6,263	38.2	5,674	30.1	(589)	(9.4)
Total	10,846	66.2	14,964	79.3	4,118	38.0
[Overseas]	[ 223 ]	[ 1.4 ]	[ 81 ]	[ 0.4 ]	[ (142) ]	[ (63.7) ]
Paint Finishing System Division	5,549	33.8	3,916	20.7	(1,633)	(29.4)
[Overseas]	[ 4,627 ]	[ 28.2 ]	[ 2,429 ]	[ 12.9 ]	[ (2,198) ]	[ (47.5) ]
Total	16,395	100.0	18,880	100.0	2,485	15.2
[Overseas]	[ 4,851 ]	[ 29.6 ]	[ 2,510 ]	[ 13.3 ]	[ (2,341) ]	[ (48.3) ]
Construction Carried forward						
Green Technology System Division						
HVAC for buildings	40,387	65.4	45,146	61.1	4,759	11.8
Industrial HVAC	11,135	18.1	13,325	18.1	2,190	19.7
Total	51,523	83.5	58,471	79.2	6,948	13.5
[Overseas]	[ 451 ]	[ 0.7 ]	[ 40 ]	[ 0.1 ]	[ (411) ]	[ (91.1) ]
Paint Finishing System Division	10,194	16.5	15,396	20.8	5,202	51.0
[Overseas]	[ 8,870 ]	[ 14.4 ]	[ 11,415 ]	[ 15.4 ]	[ 2,545 ]	[ 28.7 ]
Total	61,718	100.0	73,867	100.0	12,149	19.7
[Overseas]	[ 9,322 ]	[ 15.1 ]	[ 11,456 ]	[ 15.5 ]	[ 2,134 ]	[ 22.9 ]

### 3. Sales by regions

Millions of yen

Three months ended June 30, 2013 (Apr. 1, 2013 - Jun. 30, 2013)								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other South-east Asia	China	Other East Asia			
12,215	2,893	10,331	7,439	4,366	102	2,490	2,263	42,104

Millions of yen

Three months ended June 30, 2014 (Apr. 1, 2014 - Jun. 30, 2014)								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other South-east Asia	China	Other East Asia			
16,953	1,306	4,672	7,273	4,348	368	352	3,885	39,162