

# Financial Report for the First Quarter ended March, 2011

August 10, 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····· Eitaro Uenishi , President and representative Director

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Scheduled date to submit Quarterly report : August 13, 2010

Payment date of cash dividends : —

Supplemental materials prepared for quarterly financial results : None

Earnings announcement for quarterly financial results : None

(Round down to one million yen)

## 1. Consolidated Operating Performance (April 1, 2010 through June 30, 2010)

### (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	%
FY10 1Q	21,811	(12.1)	(494)	—	(287)	—	(160)	—
FY09 1Q	24,823	(26.5)	(24)	—	127	(47.5)	339	17.3

	Net income per share	Net income per share after potential share adjustment
	yen	yen
FY10 1Q	(4.37)	—
FY09 1Q	9.22	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
FY10 1Q	120,424	63,809	51.2	1,678.09
FY09	121,894	66,263	52.3	1,734.49

(Ref.) Equity capital FY10 1Q 61,702 million yen  
FY09 63,776 million yen

## 2. Dividends

(Record date)	Dividend per share				
	1Q	2Q	3Q	At the end of FY	Total (annually)
FY09	—	15.00	—	15.00	30.00
FY10	—	—	—	—	—
FY10 (Forecast)	—	15.00	—	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, 2011 (April 1, 2010 through March 31, 2011)

(% 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	56,000	5.3	100	(91.5)	360	(72.5)	260	(66.9)	7.07
Full year	136,000	16.0	2,700	(15.3)	3,200	(13.5)	1,660	(54.7)	45.15

(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) 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 )
- ② Number of treasury shares at end of FY
- ③ Average number of common shares  
during the period

FY10 1Q	36,782,009 shares	FY9	36,782,009 shares
FY10 1Q	12,710 shares	FY9	12,594 shares
FY10 1Q	36,769,356 shares	FY9 1Q	36,769,082 shares

※ Cautionary statement regarding forward-looking statements

This quarterly earnings report is not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act, have not been completed.

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

	FY10 1Q (Jun. 30, 10)	FY09 4Q (Mar. 31, 10)
<b>Assets</b>		
Current assets		
Cash and deposits	30,842	27,320
Notes receivable, accounts receivable from completed construction contracts and other	35,862	43,630
Costs on uncompleted construction contracts	22,383	17,518
Raw materials and supplies	489	453
Other	6,242	5,873
Allowance for doubtful accounts	(262)	(306)
Total current assets	<u>95,557</u>	<u>94,489</u>
Noncurrent assets		
Property, plant and equipment	7,047	7,071
Intangible assets	1,367	1,473
Investments and other assets		
Investment securities	13,822	16,216
Other	3,256	3,376
Allowance for doubtful accounts	(627)	(733)
Total investments and other assets	<u>16,451</u>	<u>18,859</u>
Total noncurrent assets	<u>24,866</u>	<u>27,405</u>
Total assets	<u>120,424</u>	<u>121,894</u>
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	27,432	28,052
Short-term loans payable	1,621	1,481
Income taxes payable	202	449
Advances received on uncompleted construction contracts	16,680	14,721
Provision for bonuses	31	24
Provision for warranties for completed construction	290	309
Provision for loss on construction contracts	1,234	1,089
Other	4,535	3,758
Total current liabilities	<u>52,029</u>	<u>49,885</u>
Noncurrent liabilities		
Long-term loans payable	557	503
Provision for retirement benefits	3,192	3,167
Provision for directors' retirement benefits	101	204
Other	733	1,870
Total noncurrent liabilities	<u>4,585</u>	<u>5,745</u>
Total liabilities	<u>56,615</u>	<u>55,631</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,297	7,297
Retained earnings	48,224	48,936
Treasury stock	(17)	(17)
Total shareholders' equity	<u>61,958</u>	<u>62,671</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,433	3,933
Deferred gains or losses on hedges	(2)	(0)
Foreign currency translation adjustment	(2,687)	(2,828)
Total valuation and translation adjustments	<u>(256)</u>	<u>1,104</u>
Minority interests	2,107	2,487
Total net assets	<u>63,809</u>	<u>66,263</u>
Total liabilities and net assets	<u>120,424</u>	<u>121,894</u>

## (2) Consolidated Income Statement

Millions of yen

	FY09 1Q (Apr.1, 09 - Jun. 30, 09)	FY10 1Q (Apr.1, 10 - Jun. 30, 10)
Net sales of completed construction contracts	24,823	21,811
Cost of sales of completed construction contracts	21,680	18,826
Gross profit on completed construction contracts	3,143	2,985
Selling, general and administrative expenses	3,167	3,479
Operating loss	(24)	(494)
Non-operating income		
Interest income	46	41
Dividends income	110	108
Real estate rent	31	28
Equity in earnings of affiliates	47	—
Other	56	133
Total non-operating income	292	311
Non-operating expenses		
Interest expenses	24	26
Rent expenses on real estates	55	24
Foreign exchange losses	50	31
Equity in losses of affiliates	—	13
Other	11	8
Total non-operating expenses	141	104
Ordinary income (loss)	127	(287)
Extraordinary income		
Reversal of allowance for doubtful accounts	127	66
Gain on disposal of noncurrent assets	12	10
Gain on change in equity	—	5
Gain on negative goodwill	—	166
Other	184	—
Total extraordinary income	323	248
Extraordinary loss		
Loss on disposal of noncurrent assets	2	0
Loss on sales of investment securities	—	0
Loss on valuation of investment securities	—	51
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	48
Other	3	—
Total extraordinary losses	5	100
Income (loss) before income taxes and minority interests	445	(139)
Income taxes-current	161	212
Income taxes-deferred	(144)	(246)
Total income taxes	17	(33)
Income (loss) before minority interests	—	(105)
Minority interests in income	88	55
Net income (loss)	339	(160)

### (3) Consolidated Cash Flow Statement

	Millions of yen	
	FY09 1Q	FY10 1Q
	(Apr.1, 09 - Jun. 30, 09)	(Apr.1, 10 - Jun. 30, 10)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	445	(139)
Depreciation and amortization	246	268
Gain on negative goodwill	—	(166)
Increase (decrease) in allowance for doubtful accounts	(129)	(48)
Increase (decrease) in provision for retirement benefits	27	12
Increase (decrease) in provision for directors' retirement benefits	4	(102)
Increase (decrease) in provision for loss on construction contracts	66	139
Interest and dividends income	(157)	(149)
Interest expenses	24	26
Loss (gain) on disposal of property, plant and equipment and intangible assets	(9)	(10)
Loss (gain) on valuation of investment securities	—	51
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	48
Decrease (increase) in notes and accounts receivable-trade	9,870	7,861
Decrease (increase) in inventories	(1,391)	(4,900)
Decrease (increase) in advances paid	(49)	12
Decrease (increase) in accounts receivable-other	3	71
Increase (decrease) in notes and accounts payable-trade	(7,923)	(722)
Increase (decrease) in advances received on uncompleted construction contracts	1,499	1,904
Increase (decrease) in accrued consumption taxes	(20)	(56)
Increase (decrease) in deposits received	683	693
Increase (decrease) in accrued expenses	(114)	279
Other, net	(2,632)	(775)
Subtotal	443	4,299
Interest and dividends income received	157	149
Interest expenses paid	(23)	(26)
Income taxes paid	(1,043)	(430)
Net cash provided by (used in) operating activities	(466)	3,992
Net cash provided by (used in) investing activities		
Payments into time deposits	(3)	(29)
Proceeds from withdrawal of time deposits	2,651	14
Purchase of property, plant and equipment and intangible assets	(252)	(227)
Proceeds from sales of property, plant and equipment and intangible assets	46	16
Purchase of investment securities	(42)	(134)
Proceeds from sales of investment securities	—	30
Purchase of investments in subsidiaries	—	(98)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	46	—
Payments of long-term loans receivable	(3)	(11)
Collection of long-term loans receivable	7	13
Purchase of insurance funds	(2)	(27)
Proceeds from maturity of insurance funds	17	0
Other, net	(4)	212
Net cash provided by (used in) investing activities	2,460	(242)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(105)	177
Proceeds from long-term loans payable	—	100
Repayment of long-term loans payable	(17)	(59)
Repayments of lease obligations	(8)	(14)
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid	(551)	(551)
Cash dividends paid to minority shareholders	(17)	(16)
Net cash provided by (used in) financing activities	(701)	(364)
Effect of exchange rate change on cash and cash equivalents	521	136
Net increase (decrease) in cash and cash equivalents	1,814	3,522
Cash and cash equivalents at beginning of period	25,267	26,752
Cash and cash equivalents at end of period	27,081	30,275

(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 for the first quarter of the previous year.

2. Geographical segments

FY09 1Q (Apr.1,09 - Jun.30,09)								Millions of yen	
	Japan	North America	Southeast Asia	East Asia	Other areas	Total	Eliminations/Corporate	Consolidated	
Sales and operating income (loss)									
Sales									
Sales to customers	14,801	2,967	4,271	1,914	869	24,823	—	24,823	
Intersegment	93	11	7	39	6	158	(158)	—	
Total	14,895	2,979	4,278	1,953	875	24,982	(158)	24,823	
Operating income (loss)	(329)	(2)	(35)	81	137	(148)	124	(24)	

(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

		Millions of yen				
		North America	Southeast Asia	East Asia	Other areas	Total
FY09 1Q	Overseas sales	2,722	5,092	3,343	1,942	13,101
(Apr.1,09 - Jun.30,09)	Total sales	—	—	—	—	24,823
	Ratio of overseas sales to total sales (%)	11.0	20.5	13.5	7.8	52.8

(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 is revenue made by the Company and its consolidated subsidiaries, except for Japan.

(Additional Information)

From the current first quarter, the Company adapted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008).

1. Sales and profits or losses by reportable segments

FY10 1Q (Apr.1,10 - Jun.30,10)					Millions of yen	
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/Corporate	Consolidated	
Sales and operating income (loss)						
Sales						
Sales to customers	14,702	7,108	21,811	—	21,811	
Intersegment	—	—	—	—	—	
Total	14,702	7,108	21,811	—	21,811	
Segment profit (loss)	(1,010)	515	(495)	207	(287)	

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

Segment profit of Eliminations/ Corporate of 207 million yen includes non-allocatable common costs of  $\Delta$ 211 million yen and other adjustment of 4 million yen.

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

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

2. Sales by region

FY10 1Q (Apr.1,10 - Jun.30,10)									Millions of yen
Japan	Thailand	China	India	North America	Southeast Asia	East Asia	Other	Total	
10,547	2,918	3,367	1,240	383	2,632	317	404	21,811	

## (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			FY09 1Q		FY10 1Q		Increase (decrease)	
			(Apr. 1,09 - Jun. 30,09)		(Apr.1,10 - Jun. 30,10)			
			Amounts	%	Amounts	%	Amounts	%
Orders-received construction during this period	Green Technology System Division	HVAC for buildings	9,298	33.1 %	6,596	20.7 %	(2,702)	(29.1) %
		Industrial HVAC	13,817	49.2	17,744	55.5	3,927	28.4
		Total	23,115	82.3	24,340	76.2	1,225	5.3
		[Overseas]	[ 4,857 ]	[ 17.3 ]	[ 10,128 ]	[ 31.7 ]	[ 5,271 ]	[ 108.5 ]
	Paint Finishing System Division	4,958	17.7	7,622	23.8	2,664	53.7	
	[Overseas]	[ 3,824 ]	[ 13.6 ]	[ 6,733 ]	[ 21.1 ]	[ 2,909 ]	[ 76.1 ]	
Total	28,074	100.0	31,963	100.0	3,889	13.9		
[Overseas]	[ 8,681 ]	[ 30.9 ]	[ 16,862 ]	[ 52.8 ]	[ 8,181 ]	[ 94.2 ]		
Sales of construction during this period	Green Technology System Division	HVAC for buildings	3,510	14.1	4,506	20.7	996	28.4
		Industrial HVAC	10,535	42.5	10,196	46.7	(339)	(3.2)
		Total	14,046	56.6	14,702	67.4	656	4.7
		[Overseas]	[ 4,318 ]	[ 17.4 ]	[ 5,481 ]	[ 25.1 ]	[ 1,163 ]	[ 26.9 ]
	Paint Finishing System Division	10,777	43.4	7,108	32.6	(3,669)	(34.0)	
	[Overseas]	[ 8,782 ]	[ 35.4 ]	[ 5,782 ]	[ 26.5 ]	[ (3,000) ]	[ (34.2) ]	
Total	24,823	100.0	21,811	100.0	(3,012)	(12.1)		
[Overseas]	[ 13,101 ]	[ 52.8 ]	[ 11,264 ]	[ 51.6 ]	[ (1,837) ]	[ (14.0) ]		
Construction carried forward	Green Technology System Division	HVAC for buildings	42,270	37.8	46,747	38.6	4,477	10.6
		Industrial HVAC	35,408	31.6	39,449	32.6	4,041	11.4
		Total	77,679	69.4	86,196	71.2	8,517	11.0
		[Overseas]	[ 10,803 ]	[ 9.7 ]	[ 14,922 ]	[ 12.3 ]	[ 4,119 ]	[ 38.1 ]
	Paint Finishing System Division	34,208	30.6	34,794	28.8	586	1.7	
	[Overseas]	[ 22,926 ]	[ 20.4 ]	[ 28,727 ]	[ 23.8 ]	[ 5,801 ]	[ 25.3 ]	
Total	111,888	100.0	120,991	100.0	9,103	8.1		
[Overseas]	[ 33,730 ]	[ 30.1 ]	[ 43,649 ]	[ 36.1 ]	[ 9,919 ]	[ 29.4 ]		