

# Financial Report for the Second Quarter ended March, 2011

November 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

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Scheduled date to submit Quarterly report : November 12, 2010

Payment date of cash dividends : December 1, 2010

Supplemental materials prepared for quarterly financial results : Yes

Information meetings arranged related quarterly financial results : Yes (for institutional investors and analysts, in Japanese)

(Round down to one million yen)

## 1. Consolidated Operating Performance (April 1, 2010 through September 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 2Q	46,245	(13.1)	(442)	—	(70)	—	(64)	—
FY09 2Q	53,198	(36.5)	1,180	(58.4)	1,309	(61.8)	786	(47.0)

	Net income per share	Net income per share after potential share adjustment
	yen	yen
FY10 2Q	(1.76)	—
FY09 2Q	21.39	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
FY10 2Q	126,248	63,512	48.7	1,672.96
FY09	121,894	66,263	52.3	1,734.49

(Ref.) Equity capital FY10 2Q 61,513 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	—	15.00	—	—	—
FY10 (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, 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
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 2Q	36,782,009 shares	FY09	36,782,009 shares
FY10 2Q	13,035 shares	FY09	12,594 shares
FY10 2Q	36,769,221 shares	FY09 2Q	36,769,362 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 2Q (Sep. 30, 10)	FY09 4Q (Mar. 31, 10)
<b>Assets</b>		
Current assets		
Cash and deposits	26,615	27,320
Notes receivable, accounts receivable from completed construction contracts and other	35,542	43,630
Short-term investment securities	3,000	—
Costs on uncompleted construction contracts	26,892	17,518
Raw materials and supplies	493	453
Other	8,177	5,873
Allowance for doubtful accounts	(253)	(306)
Total current assets	<u>100,467</u>	<u>94,489</u>
Noncurrent assets		
Property, plant and equipment	6,921	7,071
Intangible assets	1,296	1,473
Investments and other assets		
Investment securities	14,962	16,216
Other	2,725	3,376
Allowance for doubtful accounts	(124)	(733)
Total investments and other assets	<u>17,563</u>	<u>18,859</u>
Total noncurrent assets	<u>25,780</u>	<u>27,405</u>
Total assets	<u>126,248</u>	<u>121,894</u>
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	26,561	28,052
Short-term loans payable	1,626	1,481
Income taxes payable	439	449
Advances received on uncompleted construction contracts	23,050	14,721
Provision for bonuses	728	24
Provision for warranties for completed construction	258	309
Provision for loss on construction contracts	1,135	1,089
Other	4,160	3,758
Total current liabilities	<u>57,960</u>	<u>49,885</u>
Noncurrent liabilities		
Long-term loans payable	528	503
Provision for retirement benefits	3,167	3,167
Provision for directors' retirement benefits	110	204
Other	968	1,870
Total noncurrent liabilities	<u>4,775</u>	<u>5,745</u>
Total liabilities	<u>62,736</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	48,320	48,936
Treasury stock	(18)	(17)
Total shareholders' equity	<u>62,054</u>	<u>62,671</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,660	3,933
Deferred gains or losses on hedges	(5)	(0)
Foreign currency translation adjustment	(3,196)	(2,828)
Total valuation and translation adjustments	<u>(541)</u>	<u>1,104</u>
Minority interests	1,999	2,487
Total net assets	<u>63,512</u>	<u>66,263</u>
Total liabilities and net assets	<u>126,248</u>	<u>121,894</u>

## (2) Consolidated Income Statement

	Millions of yen	
	FY09 2Q	FY10 2Q
	(Apr.1, 09 - Sep. 30, 09)	(Apr.1, 10 - Sep. 30, 10)
Net sales of completed construction contracts	53,198	46,245
Cost of sales of completed construction contracts	45,541	39,704
Gross profit on completed construction contracts	7,656	6,541
Selling, general and administrative expenses	6,476	6,984
Operating income (loss)	1,180	(442)
Non-operating income		
Interest income	90	90
Dividends income	162	163
Dividends income of insurance	72	7
Real estate rent	65	65
Equity in earnings of affiliates	47	12
Other	98	200
Total non-operating income	535	539
Non-operating expenses		
Interest expenses	34	45
Rent expenses on real estates	64	47
Foreign exchange losses	187	11
Dividend distribution tax	1	11
Provision of allowance for doubtful accounts	90	—
Other	25	52
Total non-operating expenses	405	168
Ordinary income (loss)	1,309	(70)
Extraordinary income		
Reversal of allowance for doubtful accounts	149	152
Gain on sales of investment securities	9	—
Gain on disposal of noncurrent assets	14	11
Gain on change in equity	—	5
Gain on negative goodwill	—	172
Other	179	—
Total extraordinary income	352	341
Extraordinary loss		
Loss on disposal of noncurrent assets	3	0
Loss on sales of investment securities	—	21
Loss on valuation of investment securities	—	57
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	48
Other	23	3
Total extraordinary losses	26	130
Income before income taxes and minority interests	1,635	139
Income taxes-current	349	427
Income taxes for prior periods	—	159
Income taxes-deferred	300	(475)
Total income taxes	649	111
Income before minority interests	—	28
Minority interests in income	199	93
Net income (loss)	786	(64)

## (3) Consolidated Cash Flow Statement

Millions of yen

	FY09 2Q (Apr.1, 09 - Sep. 30,	FY10 2Q (Apr.1, 10 - Sep 30, 10)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,635	139
Depreciation and amortization	521	543
Gain on negative goodwill	—	(172)
Increase (decrease) in allowance for doubtful accounts	(60)	(659)
Increase (decrease) in provision for retirement benefits	(7)	5
Increase (decrease) in provision for directors' retirement benefits	10	(94)
Increase (decrease) in provision for loss on construction contracts	(61)	47
Interest and dividends income	(252)	(253)
Interest expenses	34	45
Loss (gain) on sales of investment securities	(9)	21
Loss (gain) on disposal of property, plant and equipment and intangible assets	(10)	(10)
Loss (gain) on valuation of investment securities	—	57
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	48
Decrease (increase) in notes and accounts receivable-trade	14,345	7,710
Decrease (increase) in inventories	(702)	(9,461)
Decrease (increase) in advances paid	(3)	20
Decrease (increase) in accounts receivable-other	15	79
Increase (decrease) in notes and accounts payable-trade	(11,617)	(1,282)
Increase (decrease) in advances received on uncompleted construction contracts	2,986	8,549
Increase (decrease) in accrued consumption taxes	(103)	(306)
Increase (decrease) in deposits received	147	377
Increase (decrease) in accrued expenses	(323)	(52)
Other, net	(2,433)	(986)
Subtotal	4,112	4,366
Interest and dividends income received	252	251
Interest expenses paid	(34)	(44)
Income taxes paid	(1,129)	(327)
Net cash provided by (used in) operating activities	3,200	4,246
Net cash provided by (used in) investing activities		
Payments into time deposits	(140)	(2,180)
Proceeds from withdrawal of time deposits	2,823	223
Purchase of short-term investment securities	—	(2,000)
Purchase of property, plant and equipment and intangible assets	(529)	(395)
Proceeds from sales of property, plant and equipment and intangible assets	64	36
Purchase of investment securities	(48)	(1,192)
Proceeds from sales of investment securities	42	313
Purchase of investments in subsidiaries	—	(100)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	46	—
Payments of long-term loans receivable	(18)	(20)
Collection of long-term loans receivable	12	29
Purchase of insurance funds	(93)	(27)
Proceeds from maturity of insurance funds	128	8
Other, net	32	233
Net cash provided by (used in) investing activities	2,319	(5,071)

	FY09 2Q	FY10 2Q
	(Apr.1, 09 - Sep. 30,	(Apr.1, 10 - Sep 30, 10)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(8)	219
Proceeds from long-term loans payable	—	100
Repayment of long-term loans payable	(70)	(110)
Repayments of lease obligations	(24)	(27)
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid	(551)	(551)
Cash dividends paid to minority shareholders	(262)	(44)
Net cash provided by (used in) financing activities	(918)	(415)
Effect of exchange rate change on cash and cash equivalents	589	(391)
Net increase (decrease) in cash and cash equivalents	5,190	(1,631)
Cash and cash equivalents at beginning of period	25,267	26,752
Cash and cash equivalents at end of period	30,458	25,120

(Segment information)

1. Industry segments

The business of the company and its consolidated subsidiaries is construction of facilities, and there is no other segment to be disclosed.

2. Geographical segments

Millions of yen

FY09 2Q (Apr.1,09 - Sep.30,09)		Japan	North America	Southeast Asia	East Asia	Other areas	Total	Eliminations/Corporate	Consolidated
Sales and operating income (loss)									
Sales									
	Sales to customers	33,277	5,921	8,933	3,445	1,619	53,198	—	53,198
	Intersegment	475	11	28	51	11	578	(578)	—
	Total	33,753	5,933	8,961	3,496	1,631	53,776	(578)	53,198
Operating income (loss)		322	(66)	212	268	261	997	182	1,180

(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 2Q	Overseas sales	5,610	9,789	6,950	3,267	25,618
(Apr.1,09 - Sep.30,09)	Total sales	—	—	—	—	53,198
	Ratio of overseas sales to total sales (%)	10.6	18.4	13.1	6.1	48.2

(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

Millions of yen

FY10 2Q (Apr.1,10 - Sep.30,10)		Green Technology System Division	Paint Finishing System Division	Total	Eliminations/Corporate	Consolidated
Sales and operating income (loss)						
Sales						
	Sales to customers	32,794	13,541	46,245	—	46,245
	Intersegment	—	2	2	(2)	—
	Total	32,794	13,453	46,247	(2)	46,245
Segment profit (loss)		(1,040)	694	(345)	275	(70)

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

Segment profit of Eliminations/ Corporate of 275 million yen includes non-allocatable common costs of -273 million yen and other adjustment of 1 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

Millions of yen

FY10 2Q (Apr.1,10 - Sep.30,10)								
Japan	North America	Thailand	Southeast Asia	China	East Asia	India	Other	Total
23,056	617	6,630	5,695	6,452	686	2,214	892	46,245

(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 2Q (Apr. 1,09 - Sep. 30,09)		FY10 2Q (Apr.1,10 - Sep. 30,10)		Increase (decrease)	
			Amounts	%	Amounts	%	Amounts	%
Orders-received construction during this period	Green Technology System Division	HVAC for buildings	16,833	30.2 %	17,988	25.9 %	1,155	6.9 %
		Industrial HVAC	27,364	49.2	36,703	52.9	9,339	34.1
		Total	44,197	79.4	54,691	78.8	10,494	23.7
		[Overseas]	[ 12,461 ]	[ 22.4 ]	[ 21,577 ]	[ 31.1 ]	[ 9,116 ]	[ 73.2 ]
	Paint Finishing System Division	11,478	20.6	14,750	21.2	3,272	28.5	
	[Overseas]	[ 8,845 ]	[ 15.9 ]	[ 13,230 ]	[ 19.0 ]	[ 4,385 ]	[ 49.6 ]	
Total	55,675	100.0	69,442	100.0	13,767	24.7		
[Overseas]	[ 21,306 ]	[ 38.3 ]	[ 34,808 ]	[ 50.1 ]	[ 13,502 ]	[ 63.4 ]		
Sales of construction during this period	Green Technology System Division	HVAC for buildings	12,057	22.6	9,620	20.8	(2,437)	(20.2)
		Industrial HVAC	20,674	38.9	23,174	50.1	2,500	12.1
		Total	32,732	61.5	32,794	70.9	62	0.2
		[Overseas]	[ 9,317 ]	[ 17.5 ]	[ 12,205 ]	[ 26.4 ]	[ 2,888 ]	[ 31.0 ]
	Paint Finishing System Division	20,465	38.5	13,451	29.1	(7,014)	(34.3)	
	[Overseas]	[ 16,300 ]	[ 30.7 ]	[ 10,984 ]	[ 23.7 ]	[ (5,316) ]	[ (32.6) ]	
Total	53,198	100.0	46,245	100.0	(6,953)	(13.1)		
[Overseas]	[ 25,618 ]	[ 48.2 ]	[ 23,189 ]	[ 50.1 ]	[ (2,429) ]	[ (9.5) ]		
Construction carried forward	Green Technology System Division	HVAC for buildings	41,258	36.9	53,026	39.6	11,768	28.5
		Industrial HVAC	39,212	35.0	45,451	33.9	6,239	15.9
		Total	80,470	71.9	98,478	73.5	18,008	22.4
		[Overseas]	[ 13,618 ]	[ 12.2 ]	[ 19,695 ]	[ 14.7 ]	[ 6,077 ]	[ 44.6 ]
	Paint Finishing System Division	31,459	28.1	35,486	26.5	4,027	12.8	
	[Overseas]	[ 20,751 ]	[ 18.5 ]	[ 29,902 ]	[ 22.3 ]	[ 9,151 ]	[ 44.1 ]	
Total	111,929	100.0	133,964	100.0	22,035	19.7		
[Overseas]	[ 34,369 ]	[ 30.7 ]	[ 49,598 ]	[ 37.0 ]	[ 15,229 ]	[ 44.3 ]		

- (Note) 1. The amounts of orders received, sales of construction, and construction carried forward are the transacted amount with external customer  
2. 2 million yen difference of the sales by construction of paint finishing system division between the consolidated accounting period (13,451 million yen) and the segment information(13,453 million yen) is, due to intersegment sales.