

# Financial Report for the First Quarter of the Fiscal Year ending March 31, 2013

August 10, 2012

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····· Eitaro Uenishi, President and Representative Director

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Scheduled date to submit Quarterly report : August 14, 2012

Payment date of cash dividends : —

Supplemental materials prepared for financial results : None

Earnings announcement for financial results : None (for institutional investors and analysts)

(Round down to one million yen)

## 1. Consolidated Operating Performance (April 1, 2012 through June 30, 2012)

### (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, 2012	45,294	19.8	2,531	188.9	2,613	119.2	1,336	172.7
June 30, 2011	37,814	73.4	876	—	1,192	—	490	—

(Note) Comprehensive income Three months ended June 30, 2012 1,406 million yen 51.2 %  
Three months ended June 30, 2011 930 million yen — %

	Net income per share	Net income per share after potential share adjustment
	yen	yen
Three months ended		
June 30, 2012	36.64	—
June 30, 2011	13.35	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
As of			
June 30, 2012	158,467	70,208	42.6
March 31, 2012	156,108	69,602	42.9

(Note) Shareholders' Equity As of June 30, 2012 67,478 million yen  
As of March 31, 2012 66,918 million yen

## 2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Full year	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2012	—	15.00	—	20.00	35.00
March 31, 2013	—				
Year ending March 31, 2013 (Forecast)		15.00	—	25.00	40.00

(Note) Revisions to forecasts of dividends : None

Detail of Dividends as of March 31, 2013

Ordinary dividend 20.00 Yen  
Commemorative dividend 5.00 Yen

## 3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2013 (April 1, 2012 through March 31, 2013)

(% 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	93,000	0.4	3,000	(44.5)	3,400	(41.4)	2,000	(35.3)	54.67
Full year	203,000	7.0	8,000	(3.9)	8,600	(4.8)	5,300	21.2	144.87

(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 : Yes
- (iv) Restatements : None

(4) Number of shares issued (common shares)

- (i) Number of shares issued at end of period (including treasury shares )
  - As of June 30, 2012 36,782,009 shares
  - As of March 31, 2012 36,782,009 shares
- (ii) Number of treasury shares at end of period
  - As of June 30, 2012 313,951 shares
  - As of March 31, 2012 313,951 shares
- (iii) Average number of common shares during the period
  - Three months ended June 30, 2012 36,468,058 shares
  - Three months ended June 30, 2011 36,768,479 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 had 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 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 Statements

## (1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2012	As of June 30, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	24,450	20,442
Notes receivable, accounts receivable from completed construction contracts and other	75,424	80,887
Short-term investment securities	2,554	4,476
Costs on uncompleted construction contracts	15,220	13,818
Raw materials and supplies	582	639
Other	8,103	9,691
Allowance for doubtful accounts	(179)	(151)
Total current assets	<u>126,155</u>	<u>129,803</u>
Noncurrent assets		
Property, plant and equipment	7,158	7,509
Intangible assets		
Goodwill	2,152	2,315
Other	1,196	1,134
Total intangible assets	<u>3,349</u>	<u>3,449</u>
Investments and other assets		
Investment securities	17,237	15,312
Other	2,386	2,602
Allowance for doubtful accounts	(179)	(211)
Total investments and other assets	<u>19,444</u>	<u>17,703</u>
Total noncurrent assets	<u>29,953</u>	<u>28,663</u>
Total assets	<u>156,108</u>	<u>158,467</u>
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	48,789	45,552
Short-term loans payable	4,176	4,338
Income taxes payable	644	545
Advances received on uncompleted construction contracts	17,766	23,424
Provision for bonuses	—	93
Provision for warranties for completed construction	596	569
Provision for loss on construction contracts	2,810	2,281
Other	6,266	6,352
Total current liabilities	<u>81,050</u>	<u>83,157</u>
Noncurrent liabilities		
Long-term loans payable	924	867
Provision for retirement benefits	3,029	3,007
Provision for directors' retirement benefits	129	117
Other	1,371	1,108
Total noncurrent liabilities	<u>5,455</u>	<u>5,101</u>
Total liabilities	<u>86,506</u>	<u>88,258</u>

Millions of yen

	As of March 31, 2012	As of June 30, 2012
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,297	7,297
Retained earnings	54,810	55,417
Treasury stock	(492)	(492)
Total shareholders' equity	<u>68,071</u>	<u>68,678</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,428	2,535
Deferred gains or losses on hedges	26	(7)
Foreign currency translation adjustment	(4,607)	(3,727)
Total accumulated other comprehensive income	<u>(1,152)</u>	<u>(1,199)</u>
Minority interests	<u>2,683</u>	<u>2,730</u>
Total net assets	<u>69,602</u>	<u>70,208</u>
Total liabilities and net assets	<u>156,108</u>	<u>158,467</u>

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

Millions of yen

	Three months ended June 30, 2011 Apr. 1, 2011 - Jun. 30, 2011	Three months ended June 30, 2012 Apr. 1, 2012 - Jun. 30, 2012
Net sales of completed construction contracts	37,814	45,294
Cost of sales of completed construction contracts	33,447	38,981
Gross profit on completed construction contracts	4,367	6,313
Selling, general and administrative expenses	3,490	3,782
Operating income	876	2,531
Non-operating income		
Interest income	53	64
Dividends income	122	118
Real estate rent	27	25
Reversal of allowance for doubtful accounts	—	5
Equity in earnings of affiliates	29	—
Gain on bad debts recovered	193	—
Other	27	106
Total non-operating income	453	321
Non-operating expenses		
Interest expenses	40	72
Rent expenses on real estates	17	19
Foreign exchange losses	71	133
Provision of allowance for doubtful accounts	0	—
Equity in losses of affiliates	—	3
Other	7	9
Total non-operating expenses	137	238
Ordinary income	1,192	2,613
Extraordinary income		
Gain on disposal of noncurrent assets	31	23
Gain on sales of investment securities	0	—
Total extraordinary income	31	23
Extraordinary loss		
Loss on disposal of noncurrent assets	5	9
Loss on valuation of investment securities	135	52
Total extraordinary losses	141	62
Income before income taxes and minority interests	1,083	2,574
Income taxes-current	502	661
Income taxes-deferred	(86)	490
Total income taxes	415	1,151
Income before minority interests	667	1,422
Minority interests in income	176	86
Net income	490	1,336

Consolidated Statements of Comprehensive Income

Millions of yen

	Three months ended June 30, 2011 Apr. 1, 2011 - Jun. 30, 2011	Three months ended June 30, 2012 Apr. 1, 2012 - Jun. 30, 2012
Income before minority interests	667	1,422
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	(893)
Deferred gains or losses on hedges	(7)	(34)
Foreign currency translation adjustment	269	886
Share of other comprehensive income of associates accounted for using equity method	12	24
Total other comprehensive income	<u>262</u>	<u>(16)</u>
Comprehensive income	<u>930</u>	<u>1,406</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	732	1,289
Comprehensive income attributable to minority interests	198	117

(Segment information)

Sales and profits or losses by reportable segments

Millions of yen

Three months ended June 30, 2011 (Apr. 1, 2011 - Jun. 30, 2011)					
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations Corporate	Consolidated
Sales					
Sales to customers	24,888	12,925	37,814	—	37,814
Intersegment	3	1	4	(4)	—
Total	24,891	12,927	37,819	(4)	37,814
Segment profit (loss)	(95)	1,165	1,070	122	1,192

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

(1) Eliminations/ Corporate of Segment profit (loss) of ¥122 million includes non-allocatable common costs of ¥107 million and other adjustment of ¥14 million.

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

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

(i) Information on assets by reportable segments

Compared with previous year end, assets by reportable segments in the current quarter fluctuated significantly. The reason is as follows. In the Paint Finishing System Division, Taikisha Ltd. acquired the shares of Geico S. p. A. With this acquisition, Geico S. p. A. and its two subsidiaries had become consolidated subsidiaries of Taikisha Ltd. As a result, assets in the Paint Finishing System Division increased by ¥7,452 million.

(ii) Information on impairment loss of fixed assets or goodwill etc. by reportable segments

(Important fluctuation of Goodwill)

In the Paint Finishing System Division, Taikisha Ltd. acquired the shares of Geico S. p. A. With this acquisition, Geico S. p. A. and its two subsidiaries had become consolidated subsidiaries of Taikisha Ltd. As a result, goodwill in the Paint Finishing System Division increased by ¥2,611 million in the current quarter.

Millions of yen

Three months ended June 30, 2012 (Apr. 1, 2012 - Jun. 30, 2012)					
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations Corporate	Consolidated
Sales					
Sales to customers	26,197	19,097	45,294	—	45,294
Intersegment	4	3	8	(8)	—
Total	26,202	19,101	45,303	(8)	45,294
Segment profit	1,156	1,375	2,531	81	2,613

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

(1) Eliminations/ Corporate of Segment profit of ¥81 million includes non-allocatable common costs of ¥85 million and other adjustment of minus ¥4 million.

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

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

(i) Information on assets by reportable segments : None

(ii) Information on impairment loss of fixed assets or goodwill etc. by reportable segments : None

## (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			Three months ended June 30, 2011 (Apr. 1, 2011 - Jun. 30, 2011)		Three months ended June 30, 2012 (Apr. 1, 2012 - Jun. 30, 2012)		Increase (decrease)	
			Amounts	%	Amounts	%	Amounts	%
Orders-received during this period	Green Technology System Division	HVAC for buildings	8,627	22.8 %	11,171	20.6 %	2,544	29.5 %
		Industrial HVAC	20,293	53.5	21,724	40.1	1,431	7.1
		Total	28,920	76.3	32,895	60.7	3,975	13.7
		[Overseas]	[ 9,467 ]	[ 25.0 ]	[ 14,426 ]	[ 26.6 ]	[ 4,959 ]	[ 52.4 ]
	Paint Finishing System Division	8,997	23.7	21,312	39.3	12,315	136.9	
	[Overseas]	[ 7,742 ]	[ 20.4 ]	[ 19,983 ]	[ 36.9 ]	[ 12,241 ]	[ 158.1 ]	
Total	37,917	100.0	54,207	100.0	16,290	43.0		
[Overseas]	[ 17,210 ]	[ 45.4 ]	[ 34,409 ]	[ 63.5 ]	[ 17,199 ]	[ 99.9 ]		
Sales of construction during this period	Green Technology System Division	HVAC for buildings	7,130	18.9	6,403	14.1	(727)	(10.2)
		Industrial HVAC	17,757	46.9	19,793	43.7	2,036	11.5
		Total	24,888	65.8	26,197	57.8	1,309	5.3
		[Overseas]	[ 8,617 ]	[ 22.8 ]	[ 12,563 ]	[ 27.7 ]	[ 3,946 ]	[ 45.8 ]
	Paint Finishing System Division	12,925	34.2	19,097	42.2	6,172	47.8	
	[Overseas]	[ 12,110 ]	[ 32.0 ]	[ 15,632 ]	[ 34.5 ]	[ 3,522 ]	[ 29.1 ]	
Total	37,814	100.0	45,294	100.0	7,480	19.8		
[Overseas]	[ 20,728 ]	[ 54.8 ]	[ 28,195 ]	[ 62.2 ]	[ 7,467 ]	[ 36.0 ]		
Construction carried forward	Green Technology System Division	HVAC for buildings	47,575	33.7	41,881	27.5	(5,694)	(12.0)
		Industrial HVAC	40,885	29.0	41,314	27.1	429	1.0
		Total	88,461	62.7	83,196	54.6	(5,265)	(6.0)
		[Overseas]	[ 21,663 ]	[ 15.4 ]	[ 30,318 ]	[ 19.9 ]	[ 8,655 ]	[ 40.0 ]
	Paint Finishing System Division	52,731	37.3	69,058	45.4	16,327	31.0	
	[Overseas]	[ 51,554 ]	[ 36.5 ]	[ 62,727 ]	[ 41.2 ]	[ 11,173 ]	[ 21.7 ]	
Total	141,193	100.0	152,254	100.0	11,061	7.8		
[Overseas]	[ 73,218 ]	[ 51.9 ]	[ 93,046 ]	[ 61.1 ]	[ 19,828 ]	[ 27.1 ]		

(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 ¥26,197 million and total sales of ¥26,202 million in the segment information by the Green Technology System Division.

There is ¥3 million difference between the sales of construction of ¥19,097 million and total sales of ¥19,101 in the segment information by Paint Finishing System Division.

Above differences are due to intersegment sales.

3. In the previous year, there is ¥3 million difference between the sales of construction of ¥24,888 million and total sales of ¥24,891 million in the segment information by the Green Technology System Division.

There is ¥1 million difference between the sales of construction of ¥12,925 million and total sales of ¥12,927 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 sales of construction carried forward by each division (Non-consolidated)

Millions of yen

Division			Three months ended June 30, 2011		Three months ended June 30, 2012		Increase (decrease)	
			(Apr. 1, 2011 - Jun. 30, 2011)		(Apr. 1, 2012 - Jun. 30, 2012)			
			Amounts	%	Amounts	%	Amounts	%
Orders-received during this period	Green Technology System Division	HVAC for buildings	8,207	34.1 %	10,687	48.0 %	2,480	30.2 %
		Industrial HVAC	10,614	44.2	7,187	32.3	(3,427)	(32.3)
		Total	18,822	78.3	17,875	80.3	(947)	(5.0)
		[Overseas]	[ 178 ]	[ 0.8 ]	[ 288 ]	[ 1.3 ]	[ 110 ]	[ 61.8 ]
	Paint Finishing System Division	5,201	21.7	4,375	19.7	(826)	(15.9)	
	[Overseas]	[ 4,528 ]	[ 18.8 ]	[ 3,515 ]	[ 15.8 ]	[ (1,013) ]	[ (22.4) ]	
Total	24,023	100.0	22,250	100.0	(1,773)	(7.4)		
[Overseas]	[ 4,706 ]	[ 19.6 ]	[ 3,803 ]	[ 17.1 ]	[ (903) ]	[ (19.2) ]		
Sales of construction during this period	Green Technology System Division	HVAC for buildings	6,869	33.7	6,064	29.6	(805)	(11.7)
		Industrial HVAC	9,000	44.2	7,130	34.9	(1,870)	(20.8)
		Total	15,869	77.9	13,194	64.5	(2,675)	(16.9)
		[Overseas]	[ 159 ]	[ 0.8 ]	[ 248 ]	[ 1.2 ]	[ 89 ]	[ 56.0 ]
	Paint Finishing System Division	4,495	22.1	7,268	35.5	2,773	61.7	
	[Overseas]	[ 4,042 ]	[ 19.8 ]	[ 4,101 ]	[ 20.0 ]	[ 59 ]	[ 1.5 ]	
Total	20,365	100.0	20,463	100.0	98	0.5		
[Overseas]	[ 4,202 ]	[ 20.6 ]	[ 4,349 ]	[ 21.2 ]	[ 147 ]	[ 3.5 ]		
Construction carried forward	Green Technology System Division	HVAC for buildings	47,310	60.0	41,383	59.1	(5,927)	(12.5)
		Industrial HVAC	19,399	24.6	11,056	15.8	(8,343)	(43.0)
		Total	66,709	84.6	52,440	74.9	(14,269)	(21.4)
		[Overseas]	[ 578 ]	[ 0.7 ]	[ 413 ]	[ 0.6 ]	[ (165) ]	[ (28.5) ]
	Paint Finishing System Division	12,150	15.4	17,593	25.1	5,443	44.8	
	[Overseas]	[ 11,580 ]	[ 14.7 ]	[ 11,760 ]	[ 16.8 ]	[ 180 ]	[ 1.6 ]	
Total	78,860	100.0	70,034	100.0	(8,826)	(11.2)		
[Overseas]	[ 12,158 ]	[ 15.4 ]	[ 12,174 ]	[ 17.4 ]	[ 16 ]	[ 0.1 ]		

### 3. Sales by region

Millions of yen

Three months ended June 30, 2011 (Apr. 1, 2011 - Jun. 30, 2011)								
Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
17,085	2,100	4,931	3,818	3,971	376	3,171	2,358	37,814

Millions of yen

Three months ended June 30, 2012 (Apr. 1, 2012 - Jun. 30, 2012)								
Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
17,098	3,260	11,135	4,828	5,580	384	731	2,274	45,294