

# Financial Report for the Third Quarter of the Fiscal Year ending March 31, 2014

February 10, 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

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Scheduled date to submit Quarterly report : February 14, 2014

Payment date of cash dividends : -

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, 2013 through December 31, 2013)

### (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	%
Nine months ended								
December 31, 2013	129,940	(11.9)	4,508	(39.7)	5,445	(32.2)	2,895	(36.7)
December 31, 2012	147,417	6.6	7,472	14.1	8,033	13.5	4,575	27.5

(Note) Comprehensive income  
 Nine months ended December 31, 2013 8,370 million yen 66.5 %  
 Nine months ended December 31, 2012 5,027 million yen 253.8 %

	Net income per share	Net income per share after potential share adjustment
Nine months ended	yen	yen
December 31, 2013	80.51	-
December 31, 2012	125.89	-

### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
As of	million yen	million yen	%
December 31, 2013	157,888	82,567	49.9
March 31, 2013	163,014	78,537	46.2

(Note) Shareholders' Equity  
 As of December 31, 2013 78,846 million yen  
 As of March 31, 2013 75,237 million yen

## 2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Full year	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2013	-	15.00	-	35.00	50.00
March 31, 2014	-	20.00			
Year ending March 31, 2014 (Forecast)			-	25.00	45.00

(Note) Revisions of dividends forecasts : None

## 3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2014 (April 1, 2013 through March 31, 2014)

(% 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	188,000	(13.0)	7,500	(23.6)	8,700	(18.9)	4,800	(22.6)	133.46

(Note) Revisions of earnings forecasts : Yes

#### 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. : None
  - (ii) Changes in accounting policies other than (i) : None
  - (iii) Changes in accounting estimates : None
  - (iv) Restatements : None
- (4) Number of shares issued (common shares)
- (i) Number of shares issued at end of period (including treasury shares )
    - As of December 31, 2013 36,782,009 shares
    - As of March 31, 2013 36,782,009 shares
  - (ii) Number of treasury shares at end of period
    - As of December 31, 2013 1,536,460 shares
    - As of March 31, 2013 734,367 shares
  - (iii) Average number of common shares during the period
    - Nine months ended December 31, 2013 35,967,179 shares
    - Nine months ended December 31, 2012 36,347,956 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, 2013	As of December 31, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	30,131	34,290
Notes receivable, accounts receivable from completed construction contracts and other	81,950	65,220
Securities	7,004	7,008
Costs on uncompleted construction contracts	1,754	3,398
Raw materials and supplies	762	576
Other	8,673	12,035
Allowance for doubtful accounts	(300)	(264)
Total current assets	<u>129,976</u>	<u>122,265</u>
Noncurrent assets		
Property, plant and equipment	8,494	8,592
Intangible assets		
Goodwill	2,325	2,564
Other	984	919
Total intangible assets	<u>3,309</u>	<u>3,483</u>
Investments and other assets		
Investment securities	18,171	20,173
Other	3,232	3,573
Allowance for doubtful accounts	(169)	(199)
Total investments and other assets	<u>21,233</u>	<u>23,546</u>
Total noncurrent assets	<u>33,037</u>	<u>35,622</u>
Total assets	<u>163,014</u>	<u>157,888</u>
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	47,451	34,804
Short-term loans payable	4,425	4,882
Income taxes payable	749	798
Advances received on uncompleted construction contracts	13,539	15,741
Provision for bonuses	—	938
Provision for warranties for completed construction	927	835
Provision for loss on construction contracts	1,680	1,319
Provision for directors' bonuses	96	45
Other	8,854	7,650
Total current liabilities	<u>77,724</u>	<u>67,015</u>
Noncurrent liabilities		
Long-term loans payable	770	463
Provision for retirement benefits	2,838	2,421
Provision for directors' retirement benefits	133	95
Provision for loss on dissolution of employees' pension fund	—	651
Other	3,010	4,671
Total noncurrent liabilities	<u>6,752</u>	<u>8,304</u>
Total liabilities	<u>84,476</u>	<u>75,320</u>

Millions of yen

	As of March 31, 2013	As of December 31, 2013
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,344	7,344
Retained earnings	59,735	60,648
Treasury stock	(1,173)	(2,914)
Total shareholders' equity	<u>72,361</u>	<u>71,533</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,245	7,501
Deferred gains or losses on hedges	(11)	(44)
Foreign currency translation adjustment	(2,358)	(144)
Total accumulated other comprehensive income	<u>2,875</u>	<u>7,313</u>
Minority interests	<u>3,300</u>	<u>3,720</u>
Total net assets	<u>78,537</u>	<u>82,567</u>
Total liabilities and net assets	<u>163,014</u>	<u>157,888</u>

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

Millions of yen

	Nine months ended December 31, 2012 Apr. 1, 2012 - Dec. 31, 2012	Nine months ended December 31, 2013 Apr. 1, 2013 - Dec. 31, 2013
Net sales of completed construction contracts	147,417	129,940
Cost of sales of completed construction contracts	127,174	112,183
Gross profit on completed construction contracts	20,242	17,757
Selling, general and administrative expenses	12,770	13,249
Operating income	7,472	4,508
Non-operating income		
Interest income	193	341
Dividends income	267	256
Dividends income of insurance	121	162
Real estate rent	83	101
Foreign exchange gains	—	234
Reversal of allowance for doubtful accounts	16	3
Other	212	196
Total non-operating income	894	1,296
Non-operating expenses		
Interest expenses	148	176
Rent expenses on real estates	59	55
Foreign exchange losses	42	—
Equity in losses of affiliates	29	—
Other	53	126
Total non-operating expenses	334	358
Ordinary income	8,033	5,445
Extraordinary income		
Gain on disposal of noncurrent assets	54	71
Gain on sales of investment securities	255	1,169
Other	0	15
Total extraordinary income	310	1,256
Extraordinary loss		
Loss on disposal of noncurrent assets	15	41
Loss on sales of investment securities	157	0
Loss on valuation of investment securities	39	—
Loss on sales of stocks of subsidiaries and affiliates	—	73
Loss on change in equity	227	—
Provision for loss on dissolution of employees' pension fund	—	651
Other	31	5
Total extraordinary losses	471	771
Income before income taxes and minority interests	7,872	5,930
Income taxes-current	2,203	1,933
Income taxes-deferred	998	527
Total income taxes	3,202	2,461
Income before minority interests	4,669	3,469
Minority interests in income	94	573
Net income	4,575	2,895

Consolidated Statements of Comprehensive Income

Millions of yen

	Nine months ended December 31, 2012 Apr. 1, 2012 - Dec. 31, 2012	Nine months ended December 31, 2013 Apr. 1, 2013 - Dec. 31, 2013
Income before minority interests	4,669	3,469
Other comprehensive income		
Valuation difference on available-for-sale securities	253	2,256
Deferred gains or losses on hedges	(16)	(43)
Foreign currency translation adjustment	118	2,617
Share of other comprehensive income of associates accounted for using equity method	2	70
Total other comprehensive income	<u>357</u>	<u>4,900</u>
Comprehensive income	<u>5,027</u>	<u>8,370</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,065	7,332
Comprehensive income attributable to minority interests	(37)	1,037

## (Segment information)

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

Millions of yen

Nine months ended December 31, 2012 (Apr. 1, 2012 - Dec. 31, 2012)					
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Sales					
Sales to customers	90,101	57,315	147,417	—	147,417
Intersegment	7	3	11	(11)	—
Total	90,108	57,319	147,428	(11)	147,417
Segment profit	4,300	3,505	7,806	227	8,033

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

(1) Eliminations/ Corporate of Segment profit of ¥227 million includes non-allocatable common costs of ¥220 million and other adjustment of ¥6 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.

Millions of yen

Nine months ended December 31, 2013 (Apr. 1, 2013 - Dec. 31, 2013)					
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Sales					
Sales to customers	81,026	48,913	129,940	—	129,940
Intersegment	2	42	44	(44)	—
Total	81,029	48,956	129,985	(44)	129,940
Segment profit	2,377	2,682	5,060	385	5,445

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

(1) Eliminations/ Corporate of Segment profit of ¥385 million includes non-allocatable common costs of ¥388 million and other adjustment of minus ¥2 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.

## (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			Nine months ended December 31, 2012		Nine months ended December 31, 2013		Increase (decrease)	
			(Apr. 1, 2012 - Dec. 31, 2012)		(Apr. 1, 2013 - Dec. 31, 2013)			
			Amounts	%	Amounts	%	Amounts	%
Orders-received during this period	Green Technology System Division	HVAC for	28,733	20.0	40,026	27.2	11,293	39.3
		Industrial HVAC	70,008	48.9	55,367	37.6	(14,641)	(20.9)
		Total	98,741	68.9	95,394	64.8	(3,347)	(3.4)
	[Overseas]	[ 43,845 ]	[ 30.6 ]	[ 35,175 ]	[ 23.9 ]	[ (8,670) ]	[ (19.8) ]	
	Paint Finishing System Division	44,548	31.1	51,741	35.2	7,193	16.1	
[Overseas]	[ 41,204 ]	[ 28.8 ]	[ 45,822 ]	[ 31.1 ]	[ 4,618 ]	[ 11.2 ]		
Total	143,289	100.0	147,135	100.0	3,846	2.7		
[Overseas]	[ 85,050 ]	[ 59.4 ]	[ 80,997 ]	[ 55.0 ]	[ (4,053) ]	[ (4.8) ]		
Sales of construction during this period	Green Technology System Division	HVAC for	25,887	17.6	22,933	17.7	(2,954)	(11.4)
		Industrial HVAC	64,213	43.5	58,092	44.7	(6,121)	(9.5)
		Total	90,101	61.1	81,026	62.4	(9,075)	(10.1)
	[Overseas]	[ 40,149 ]	[ 27.2 ]	[ 38,858 ]	[ 29.9 ]	[ (1,291) ]	[ (3.2) ]	
	Paint Finishing System Division	57,315	38.9	48,913	37.6	(8,402)	(14.7)	
[Overseas]	[ 46,970 ]	[ 31.9 ]	[ 44,586 ]	[ 34.3 ]	[ (2,384) ]	[ (5.1) ]		
Total	147,417	100.0	129,940	100.0	(17,477)	(11.9)		
[Overseas]	[ 87,120 ]	[ 59.1 ]	[ 83,444 ]	[ 64.2 ]	[ (3,676) ]	[ (4.2) ]		
Construction carried forward	Green Technology System Division	HVAC for	39,959	28.9	45,118	29.0	5,159	12.9
		Industrial HVAC	45,066	32.5	38,471	24.7	(6,595)	(14.6)
		Total	85,026	61.4	83,589	53.7	(1,437)	(1.7)
	[Overseas]	[ 32,039 ]	[ 23.2 ]	[ 27,883 ]	[ 17.9 ]	[ (4,156) ]	[ (13.0) ]	
	Paint Finishing System Division	53,421	38.6	72,111	46.3	18,690	35.0	
[Overseas]	[ 51,956 ]	[ 37.5 ]	[ 69,109 ]	[ 44.4 ]	[ 17,153 ]	[ 33.0 ]		
Total	138,447	100.0	155,701	100.0	17,254	12.5		
[Overseas]	[ 83,995 ]	[ 60.7 ]	[ 96,992 ]	[ 62.3 ]	[ 12,997 ]	[ 15.5 ]		

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

2. In the previous year, there is ¥7 million difference between the sales of construction of ¥90,101 million and total sales of ¥90,108 million in the segment information by the Green Technology System Division.

There is ¥3 million difference between the sales of construction of ¥57,315 million and total sales of ¥57,319 million in the segment information by Paint Finishing System Division.

Above differences are due to intersegment sales.

3. In the fiscal year, there is ¥2 million difference between the sales of construction of ¥81,026 million and total sales of ¥81,029 million in the segment information by the Green Technology System Division.

There is ¥42 million difference between the sales of construction of ¥48,913 and total sales of ¥48,956 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			Nine months ended December 31, 2012		Nine months ended December 31, 2013		Increase (decrease)	
			(Apr. 1, 2012 - Dec. 31, 2012)		(Apr. 1, 2013 - Dec. 31, 2013)			
			Amounts	%	Amounts	%	Amounts	%
Orders-received during this period	Green Technology System Division	HVAC for Industrial HVAC	27,529	41.2	38,385	49.1	10,856	39.4
		Industrial HVAC	26,094	39.0	20,509	26.2	(5,585)	(21.4)
		Total	53,623	80.2	58,894	75.3	5,271	9.8
	[Overseas]	[ 1,090 ]	[ 1.6 ]	[ 417 ]	[ 0.5 ]	[ (673) ]	[ (61.7) ]	
	Paint Finishing System Division	13,210	19.8	19,333	24.7	6,123	46.4	
	[Overseas]	[ 10,794 ]	[ 16.2 ]	[ 14,782 ]	[ 18.9 ]	[ 3,988 ]	[ 36.9 ]	
Total	66,834	100.0	78,228	100.0	11,394	17.0		
[Overseas]	[ 11,885 ]	[ 17.8 ]	[ 15,199 ]	[ 19.4 ]	[ 3,314 ]	[ 27.9 ]		
Sales of construction during this period	Green Technology System Division	HVAC for Industrial HVAC	24,720	35.6	21,611	37.4	(3,109)	(12.6)
		Industrial HVAC	23,810	34.2	19,914	34.4	(3,896)	(16.4)
		Total	48,531	69.8	41,525	71.8	(7,006)	(14.4)
	[Overseas]	[ 883 ]	[ 1.3 ]	[ 783 ]	[ 1.4 ]	[ (100) ]	[ (11.3) ]	
	Paint Finishing System Division	20,957	30.2	16,273	28.2	(4,684)	(22.4)	
	[Overseas]	[ 11,723 ]	[ 16.9 ]	[ 13,199 ]	[ 22.8 ]	[ 1,476 ]	[ 12.6 ]	
Total	69,488	100.0	57,798	100.0	(11,690)	(16.8)		
[Overseas]	[ 12,607 ]	[ 18.2 ]	[ 13,982 ]	[ 24.2 ]	[ 1,375 ]	[ 10.9 ]		
Construction carried forward	Green Technology System Division	HVAC for Industrial HVAC	39,569	60.3	44,679	64.0	5,110	12.9
		Industrial HVAC	13,283	20.3	10,633	15.2	(2,650)	(20.0)
		Total	52,852	80.6	55,313	79.2	2,461	4.7
	[Overseas]	[ 580 ]	[ 0.9 ]	[ 60 ]	[ 0.1 ]	[ (520) ]	[ (89.7) ]	
	Paint Finishing System Division	12,740	19.4	14,537	20.8	1,797	14.1	
	[Overseas]	[ 11,418 ]	[ 17.4 ]	[ 11,892 ]	[ 17.0 ]	[ 474 ]	[ 4.2 ]	
Total	65,592	100.0	69,850	100.0	4,258	6.5		
[Overseas]	[ 11,998 ]	[ 18.3 ]	[ 11,952 ]	[ 17.1 ]	[ (46) ]	[ (0.4) ]		

### 3. Sales by regions

Millions of yen

Nine months ended December 31, 2012 (Apr. 1, 2012 - Dec. 31, 2012)								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other South-east Asia	China	Other East Asia			
60,296	8,857	28,182	18,147	18,633	1,716	3,732	7,850	147,417

Millions of yen

Nine months ended December 31, 2013 (Apr. 1, 2013 - Dec. 31, 2013)								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other South-east Asia	China	Other East Asia			
46,496	9,674	24,516	22,180	12,678	1,867	4,373	8,153	129,940