

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

February 10, 2015

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.)

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 Stock Exchange···· First Section of Tokyo Stock Exchange
 Code No.·········· 1979
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 Scheduled date to submit Quarterly report : February 13, 2015
 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 December 31, 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	%
Nine months ended								
December 31, 2014	127,889	(1.6)	4,694	4.1	5,402	(0.8)	3,691	27.5
December 31, 2013	129,940	(11.9)	4,508	(39.7)	5,445	(32.2)	2,895	(36.7)

(Note) Comprehensive income Nine months ended December 31, 2014 6,269 million yen (25.1) %
 Nine months ended December 31, 2013 8,370 million yen 66.5 %

	Net income per share	Net income per share after potential share adjustment
	yen	yen
Nine months ended		
December 31, 2014	104.75	—
December 31, 2013	80.51	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
As of			
December 31, 2014	177,863	91,574	49.2
March 31, 2014	166,680	84,712	48.3

(Note) Shareholders' Equity As of December 31, 2014 87,436 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	—	20.00	—	—	—
Year ending March 31, 2015 (Forecast)	—	—	—	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
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 shares)

- (i) Number of shares issued at end of period (including treasury shares)
 - As of December 31, 2014 36,782,009 shares
 - As of March 31, 2014 36,782,009 shares
- (ii) Number of treasury shares at end of period
 - As of December 31, 2014 1,538,308 shares
 - As of March 31, 2014 1,537,054 shares
- (iii) Average number of common shares during the period
 - Nine months ended December 31, 2014 35,244,604 shares
 - Nine months ended December 31, 2013 35,967,179 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 asks 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 December 31, 2014
Assets		
Current assets		
Cash and deposits	39,831	39,227
Notes receivable, accounts receivable from completed construction contracts and other	73,298	71,355
Securities	6,009	4,019
Costs on uncompleted construction contracts	3,741	4,245
Raw materials and supplies	410	502
Other	8,623	16,083
Allowance for doubtful accounts	(301)	(371)
Total current assets	<u>131,613</u>	<u>135,063</u>
Non-current assets		
Property, plant and equipment	8,769	8,795
Intangible assets		
Goodwill	2,779	3,248
Other	936	1,028
Total intangible assets	<u>3,715</u>	<u>4,277</u>
Investments and other assets		
Investment securities	19,634	23,766
Net defined benefit asset	—	3,189
Other	2,978	2,924
Allowance for doubtful accounts	(31)	(153)
Total investments and other assets	<u>22,582</u>	<u>29,727</u>
Total non-current assets	<u>35,067</u>	<u>42,800</u>
Total assets	<u>166,680</u>	<u>177,863</u>
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	44,600	42,478
Short-term loans payable	5,850	11,032
Income taxes payable	950	391
Advances received on uncompleted construction contracts	13,029	11,559
Provision for bonuses	—	1,147
Provision for warranties for completed construction	759	666
Provision for loss on construction contracts	1,010	360
Provision for directors' bonuses	78	44
Provision for loss on Anti-Monopoly Act	592	327
Other	6,503	9,068
Total current liabilities	<u>73,375</u>	<u>77,076</u>
Non-current liabilities		
Long-term loans payable	491	489
Provision for directors' retirement benefits	99	85
Reserve for loss on dissolution of employees' pension fund	651	251
Net defined benefit liability	2,625	1,320
Other	4,725	7,065
Total non-current liabilities	<u>8,592</u>	<u>9,213</u>
Total liabilities	<u>81,968</u>	<u>86,289</u>

Millions of yen

	As of March 31, 2014	As of December 31, 2014
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,344	7,344
Retained earnings	61,908	66,458
Treasury shares	(2,915)	(2,918)
Total shareholders' equity	<u>72,792</u>	<u>77,339</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,765	8,514
Deferred gains or losses on hedges	(6)	10
Foreign currency translation adjustment	1,158	1,679
Remeasurements of defined benefit plans	(261)	(107)
Total accumulated other comprehensive income	<u>7,656</u>	<u>10,097</u>
Minority interests	<u>4,263</u>	<u>4,137</u>
Total net assets	<u>84,712</u>	<u>91,574</u>
Total liabilities and net assets	<u>166,680</u>	<u>177,863</u>

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

Millions of yen

	Nine months ended December 31, 2013 Apr. 1, 2013 - Dec. 31, 2013	Nine months ended December 31, 2014 Apr. 1, 2014 - Dec. 31, 2014
Net sales of completed construction contracts	129,940	127,889
Cost of sales of completed construction contracts	112,183	109,806
Gross profit on completed construction contracts	17,757	18,082
Selling, general and administrative expenses	13,249	13,387
Operating income	4,508	4,694
Non-operating income		
Interest income	341	334
Dividend income	256	311
Dividend income of insurance	162	142
Real estate rent	101	108
Foreign exchange gains	234	—
Reversal of allowance for doubtful accounts	3	12
Other	196	141
Total non-operating income	1,296	1,051
Non-operating expenses		
Interest expenses	176	177
Rent expenses on real estates	55	33
Foreign exchange losses	—	7
Share of loss of entities accounted for using equity method	0	70
Other	126	53
Total non-operating expenses	358	342
Ordinary income	5,445	5,402
Extraordinary income		
Gain on disposal of non-current assets	71	287
Gain on sales of investment securities	1,169	0
Reversal of reserve for loss on dissolution of employees' pension fund	—	400
Other	15	0
Total extraordinary income	1,256	688
Extraordinary losses		
Loss on disposal of non-current assets	41	35
Impairment loss	5	85
Loss on sales of investment securities	0	0
Loss on valuation of investment securities	—	0
Loss on sales of shares of subsidiaries and associates	73	—
Provision for loss on Anti-Monopoly Act	—	38
Provision of reserve for loss on dissolution of employees' pension fund	651	—
Other	—	0
Total extraordinary losses	771	160
Income before income taxes and minority interests	5,930	5,930
Income taxes - current	1,933	879
Income taxes - deferred	527	1,090
Total income taxes	2,461	1,970
Income before minority interests	3,469	3,959
Minority interests in income	573	267
Net income	2,895	3,691

Consolidated Statements of Comprehensive Income

Millions of yen

	Nine months ended December 31, 2013 <small>Apr. 1, 2013 - Dec. 31, 2013</small>	Nine months ended December 31, 2014 <small>Apr. 1, 2014 - Dec. 31, 2014</small>
Income before minority interests	3,469	3,959
Other comprehensive income		
Valuation difference on available-for-sale securities	2,256	1,748
Deferred gains or losses on hedges	(43)	17
Foreign currency translation adjustment	2,617	376
Remeasurements of defined benefit plans, net of tax	—	158
Share of other comprehensive income of entities accounted for using equity method	70	10
Total other comprehensive income	<u>4,900</u>	<u>2,310</u>
Comprehensive income	<u>8,370</u>	<u>6,269</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,332	6,133
Comprehensive income attributable to minority interests	1,037	136

(Segment information)

1. Sales and profits or losses by reportable segments

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:

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 attributed to any reportable segments.

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

Millions of yen

Nine months ended December 31, 2014 (Apr. 1, 2014 - Dec. 31, 2014)					
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Sales					
Sales to customers	81,024	46,864	127,889	—	127,889
Intersegment	9	64	73	(73)	—
Total	81,034	46,928	127,962	(73)	127,889
Segment profit	3,399	1,565	4,965	437	5,402

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

Eliminations/ Corporate of Segment profit of ¥437 million includes non-allocatable common costs of ¥439 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 statement of income.

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

(Important fluctuation of Goodwill)

In the Paint Finishing System Division, TKS Industrial Company which is subsidiary of Taikisha Ltd. acquired membership interest of ENC Automation LLC (Current Name "Encore Automation LLC"). With this acquisition, ENC Automation LLC had become the consolidated subsidiary of TKS Industrial Company. As a result, goodwill in the Paint Finishing System Division increased by ¥659 million in the fiscal year.

(Supplementary information)

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

Millions of yen

Division	Nine months ended December 31, 2013 (Apr. 1, 2013 - Dec. 31, 2013)		Nine months ended December 31, 2014 (Apr. 1, 2014 - Dec. 31, 2014)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
	Orders-received					
Green Technology System Division						
HVAC for buildings	40,026	27.2	29,362	22.6	(10,664)	(26.6)
Industrial HVAC	55,367	37.6	61,051	47.1	5,684	10.3
Total	95,394	64.8	90,413	69.7	(4,981)	(5.2)
[Overseas]	[35,175]	[23.9]	[28,732]	[22.1]	[(6,443)]	[(18.3)]
Paint Finishing System Division	51,741	35.2	39,289	30.3	(12,452)	(24.1)
[Overseas]	[45,822]	[31.1]	[32,798]	[25.3]	[(13,024)]	[(28.4)]
Total	147,135	100.0	129,703	100.0	(17,432)	(11.8)
[Overseas]	[80,997]	[55.0]	[61,531]	[47.4]	[(19,466)]	[(24.0)]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	22,933	17.7	29,624	23.2	6,691	29.2
Industrial HVAC	58,092	44.7	51,400	40.2	(6,692)	(11.5)
Total	81,026	62.4	81,024	63.4	(2)	(0.0)
[Overseas]	[38,858]	[29.9]	[27,785]	[21.7]	[(11,073)]	[(28.5)]
Paint Finishing System Division	48,913	37.6	46,864	36.6	(2,049)	(4.2)
[Overseas]	[44,586]	[34.3]	[42,378]	[33.2]	[(2,208)]	[(5.0)]
Total	129,940	100.0	127,889	100.0	(2,051)	(1.6)
[Overseas]	[83,444]	[64.2]	[70,164]	[54.9]	[(13,280)]	[(15.9)]
Construction Carried forward						
Green Technology System Division						
HVAC for buildings	45,118	29.0	45,150	30.7	32	0.1
Industrial HVAC	38,471	24.7	44,899	30.6	6,428	16.7
Total	83,589	53.7	90,050	61.3	6,461	7.7
[Overseas]	[27,883]	[17.9]	[26,780]	[18.2]	[(1,103)]	[(4.0)]
Paint Finishing System Division	72,111	46.3	56,794	38.7	(15,317)	(21.2)
[Overseas]	[69,109]	[44.4]	[52,236]	[35.6]	[(16,873)]	[(24.4)]
Total	155,701	100.0	146,844	100.0	(8,857)	(5.7)
[Overseas]	[96,992]	[62.3]	[79,017]	[53.8]	[(17,975)]	[(18.5)]

(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 ¥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.

3. In the fiscal year, there is ¥9 million difference between the sales of construction of ¥81,024 million and total sales of ¥81,034 million in the segment information by the Green Technology System Division.

There is ¥64 million difference between the sales of construction of ¥46,864 million and total sales of ¥46,928 million in the segment information by Paint Finishing System Division.

Above differences are due to intersegment sales.

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

Millions of yen

	Nine months ended December 31, 2013		Nine months ended December 31, 2014		Increase (decrease)	
	(Apr. 1, 2013 - Dec. 31, 2013)		(Apr. 1, 2014 - Dec. 31, 2014)			
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	38,385	49.1	27,641	38.4	(10,744)	(28.0)
Industrial HVAC	20,509	26.2	32,456	45.1	11,947	58.3
Total	58,894	75.3	60,097	83.5	1,203	2.0
[Overseas]	[417]	[0.5]	[186]	[0.3]	[(231)]	[(55.4)]
Paint Finishing System Division	19,333	24.7	11,867	16.5	(7,466)	(38.6)
[Overseas]	[14,782]	[18.9]	[6,804]	[9.4]	[(7,978)]	[(54.0)]
Total	78,228	100.0	71,965	100.0	(6,263)	(8.0)
[Overseas]	[15,199]	[19.4]	[6,991]	[9.7]	[(8,208)]	[(54.0)]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	21,611	37.4	27,954	42.4	6,343	29.4
Industrial HVAC	19,914	34.4	23,790	36.1	3,876	19.5
Total	41,525	71.8	51,745	78.5	10,220	24.6
[Overseas]	[783]	[1.4]	[217]	[0.3]	[(566)]	[(72.3)]
Paint Finishing System Division	16,273	28.2	14,130	21.5	(2,143)	(13.2)
[Overseas]	[13,199]	[22.8]	[10,743]	[16.3]	[(2,456)]	[(18.6)]
Total	57,798	100.0	65,876	100.0	8,078	14.0
[Overseas]	[13,982]	[24.2]	[10,960]	[16.6]	[(3,022)]	[(21.6)]
Construction Carried forward						
Green Technology System Division						
HVAC for buildings	44,679	64.0	44,537	60.3	(142)	(0.3)
Industrial HVAC	10,633	15.2	18,141	24.5	7,508	70.6
Total	55,313	79.2	62,678	84.8	7,365	13.3
[Overseas]	[60]	[0.1]	[31]	[0.1]	[(29)]	[(48.3)]
Paint Finishing System Division	14,537	20.8	11,206	15.2	(3,331)	(22.9)
[Overseas]	[11,892]	[17.0]	[7,253]	[9.8]	[(4,639)]	[(39.0)]
Total	69,850	100.0	73,885	100.0	4,035	5.8
[Overseas]	[11,952]	[17.1]	[7,285]	[9.9]	[(4,667)]	[(39.0)]

3. Sales by regions

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

Millions of yen

Nine months ended December 31, 2014 (Apr. 1, 2014 - Dec. 31, 2014)								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other South-east Asia	China	Other East Asia			
57,724	4,248	14,943	17,143	11,717	1,036	1,735	19,339	127,889