Pure & Fair

ANNUAL REPORT 2010

APR 2009 – MAR 2010

PHILOSOPHY and VISION

Corporate Policy: "Customers First"

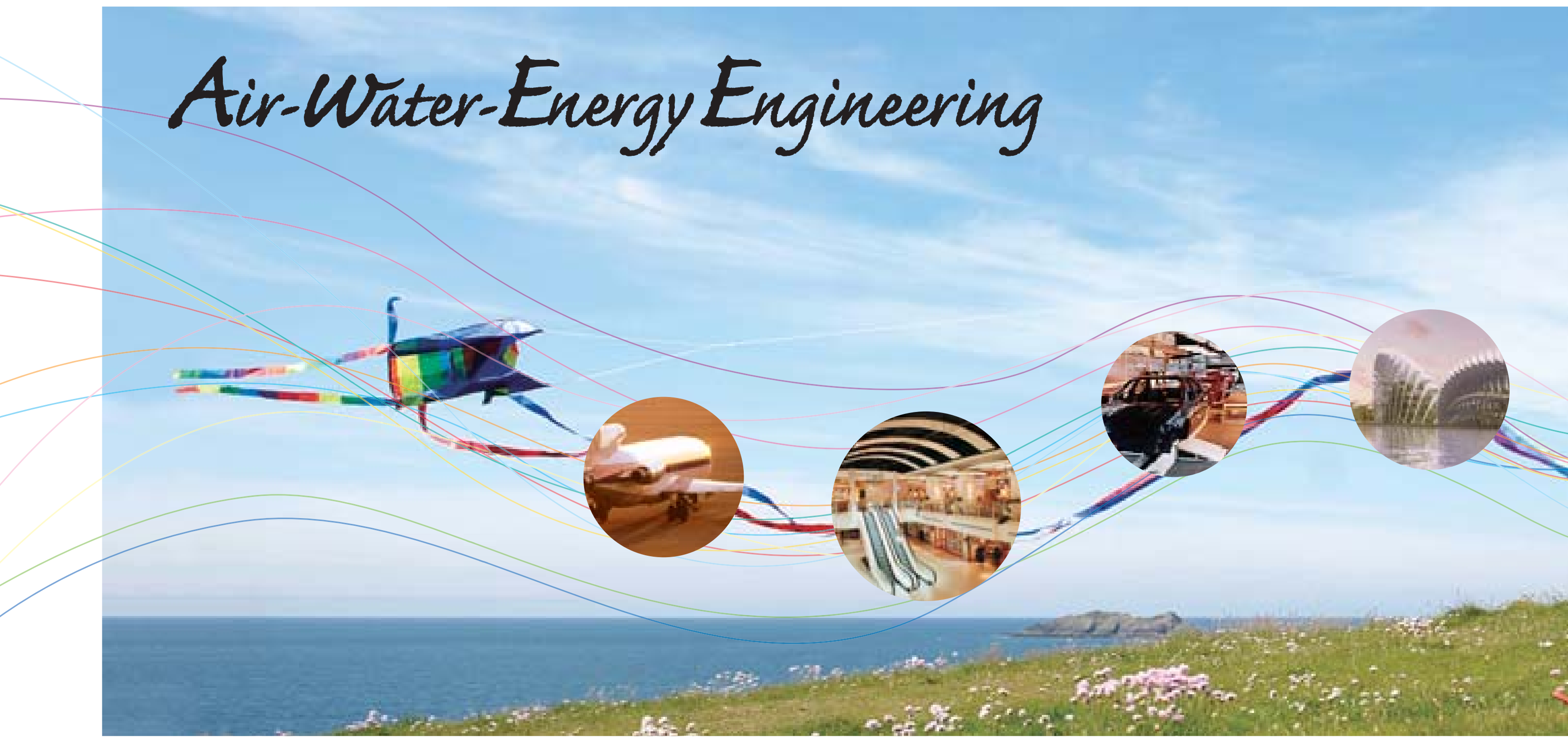
Customers are broadly interpreted as general society. The spirit of "Customers First" is to obtain ceaseless trust from our customers. For this purpose, we must conscientiously put forth our best effort in all areas of business, based upon the philosophy that behavior of a person or a company will generate benefits and happiness for one's counterpart.

Corporate Philosophy

1. Establishing a company that can perpetually grow and contribute to the society

1) Make efforts to continue growth through increasing added value, and aim to create prosperity for customers and affiliated companies as well as affluent lives for employees

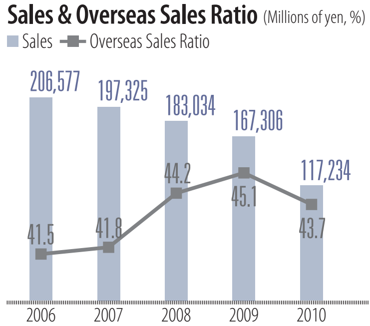
2) Make efforts to create an affluent environment and to advance industrial society, with an aim at making a contribution to society through technology that matches the needs of society



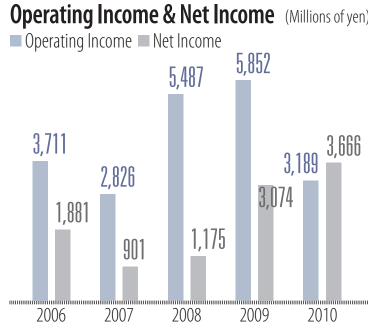
CORPORATE SOCIAL RESPONSIBILITY

FINANCIAL HIGHLIGHTS

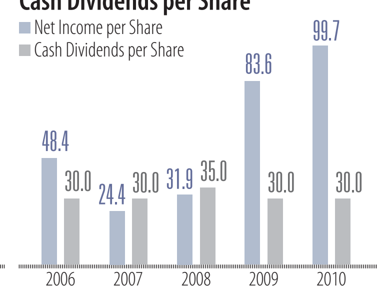
Sales & Overseas Sales Ratio (Millions of yen, %)



Operating Income & Net Income (Millions of yen)



Net Income per Share & Cash Dividends per Share (¥)



C O N T E N T S

2. Creating an attractive company

1) Aim at creating a motivation-oriented company where the creativity and vitality of each employee will be realized through their work.

2) Aim at creating a company with an organization and corporate culture in which company goals will be achieved through the combined efforts of all employees under a spirit of mutual trust, cooperation, and rationality.

3) Aim at creating a unique company in all areas of company operations, including technology, market, and development of human resources, through amassing the expertise of "energy, air, and water".

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As a corporation engaging in businesses related to the environment, we implement environmental conservation activities through our business operations themselves.

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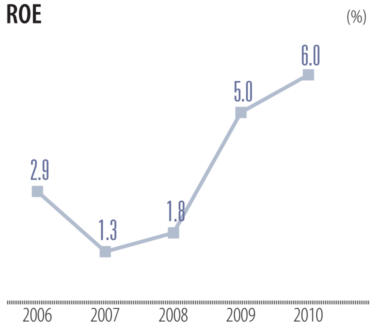

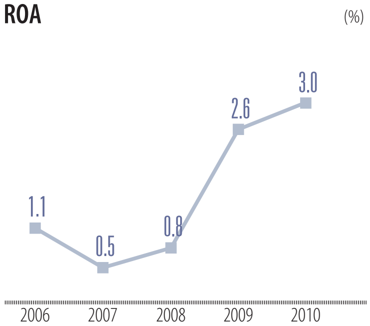

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Cautionary statement regarding forward-looking statements : Data and forward-looking statements disclosed herein are based on current information available at the time of publication, and may change depending upon various factors. The data and judgments 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. Taikisha Ltd. will not be responsible for any damages that result from the use of this information.

We would like to express our gratitude to our shareholders and investors for their continuous support.

A Message from Taikisha's New President, Eitaro Uenishi, Who Assumed Office in April 2010

The fiscal year ended March 31, 2010 saw the global economy gradually returning to a recovery track beginning in the latter half of the term, with an impetus from economic stimulus measures implemented by governments and high growth in developing nations such as China. The Group nevertheless continued to confront the most severe operating environment in its history, as private manufacturing businesses maintained a cautious stance toward investment in facilities and equipment due to a perception that their production facilities were already in excessive supply.

Both our sales and profits contracted dramatically in the fiscal year under review as a consequence. However, the gross profit ratio on completed construction has improved steadily, as a result of profitability-oriented order-receipt policies we have pursued for a number of years and our concerted efforts to reduce costs.

In May this year, we formulated and announced a new Medium-Term Business Plan for the period from the fiscal year ending March 2011 through the fiscal year ending March 2013. The theme of the new Plan is "Establishing a management base that will enable us to continue our corporate activities without interruption in the future and to improve our corporate value and contribute to all our stakeholders." The Plan also introduces our policies and goals for sustainable development. Details of the new Medium-Term Business Plan are presented on pages 4 to 7 of this report.

Although the future of the current momentum toward recovery of the global economy remains uncertain, we believe that brisk investment in facilities and equipment will continue in the markets of developing countries such as China and India. The Group will contribute to the global environment under its "Customers First" corporate policy by deploying its core environmental technologies with respect to "energy, air and water," and strive to achieve further business expansion on a global scale.

We ask for your understanding of our management policy, and for your continued support and patronage in the months and years ahead.

Eitaro Uenishi Representative Director, President

Eitaro Uenishi

Q1 Please begin by providing an overview of Taikisha's business results for the fiscal year ended March 2010.

The global economy emerged from the recession caused by the "Lehman Shock" during the second half of the fiscal year ended March 2010 and began trending gradually toward recovery. The Japanese economy has also exhibited a positive trend toward recovery due to an increase in exports to China and other Asian countries as well as other factors.

At the same time, however, the size of Japan's construction market has drastically contracted, as public investment has decreased further and capital investment by the private manufacturing industry has also remained weak.

Operating in this environment, our consolidated orders received totaled ¥118.6 billion (a ¥46 billion year-on-year decrease), and consolidated sales totaled ¥117.2 billion (a ¥50 billion year-on-year decrease). Gross profit on sales totaled ¥17 billion (a ¥5.2 billion year-on-year decrease) due to the downturn in consolidated sales. This was offset in part, however, by a reduction of approximately ¥2.6 billion realized in selling, general and administrative expenses. These savings were attributable to our Company-wide promotion of a contingency plan comprising urgent profit improvement measures implemented during the fiscal year. As a

Q2 What are the basic policies and business objectives contained in Taikisha's recently announced Medium-Term Management Plan (for the fiscal year ending March 2011 through the fiscal year ending March 2013)?

We established two basic policies in the Medium-Term Management Plan we announced in May. First, "Establish a management base that enables us to respond quickly to changing social demands (in terms of the economy, environment and social values) and conduct sustainable corporate activities."

This means continuing our efforts to improve our management systems in order to ensure management transparency, soundness and compliance and strengthen the whole Group's corporate governance further from a global standpoint. We will also create organizations that adapt to the changing market environment in a flexible and timely manner, and reorganize them according to the functions and roles assigned them within the Group as a whole.

Second, "We will improve our corporate value and contribute to all our stakeholders." In concrete terms, this will involve efforts in the following five areas:

- We will seek to improve the environmental value of our customers and to conserve the global environment with our eco-friendly technologies for CO_2 reduction and prevention of environmental pollution.
- We will conduct business operations that are attractive to our shareholders by improving our capital efficiency and striving to enhance our corporate value and maintain stable dividends.
- We will provide safe and reliable technologies and secure and attractive services at optimal prices in order to meet customers' expectations and ensure their continued confidence.
- We will work consistently to improve our operational processes in order to realize stable, high-quality operations.
- We will develop human resources with a high degree of professionalism from a broad perspective in order to ensure our corporate advantage and increase our corporate appeal.

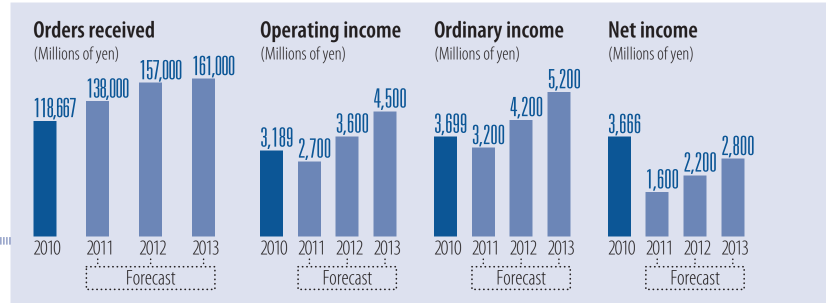
Q3 What kinds of environmental burden-reduction technologies, products and services do you focus on in seeking to achieve your business objectives?

Green Technology System Business: In Japan, recent changes in the law require the implementation of measures to reduce CO_2 emissions by buildings and facilities, which has led to increasing demand for renovations to enhance their energy conservation performance. Our activities in this respect focus on making proposals to customers concerning energy conservation and environmental burden reduction and expanding our maintenance business as well as establishing optimal customer services that take the building lifecycle of "new construction maintenance renewal" into consideration.

result, operating income totaled ¥3.1 billion (a ¥2.6 billion year-on-year decrease), ordinary income totaled ¥3.6 billion (a ¥2.9 billion year-on-year decrease) and net income totaled ¥3.6 billion (a ¥0.5 billion year-on-year increase).

We announced this May a new Medium-Term Management Plan for the period from the fiscal year ending March 2011 to the fiscal year ending March 2013 with the aim of ensuring our Group's continuous development in an environment of fluctuating domestic and international markets.

Japan's construction market is expected to shrink further due to a decrease in public investment as well as to the nation's falling birthrate and aging population. In consideration of this market environment, we have expressed a policy in the Plan of enhancing our productivity and cost-competitiveness further in the increasingly competitive domestic market. As concerns overseas markets, we intend to continue expanding our business actively in China, India and other developing countries with growth potential. We will also try to expand our business to peripheral business fields with potential for market expansion. (See Q2 and later for details.)



We have formulated specific action plans based on these policies at the Group, Headquarters and division levels. Our goal is to achieve the following business target figures by reflecting these action plans in the activities of every employee and ensuring management progress.

Let me give you a brief explanation of the concrete measures we intend to implement to achieve these business goals. (Please see Q3 and later for details concerning these three points.)

» Development of green technologies and expansion of the business sphere

The Group will further advance its research and development of technologies to reduce the environmental burden, including "carbon reduction" and "pollution prevention" technologies, and strive to expand its business into peripheral business fields with potential for market expansion.

» Expansion of our market share in overseas growth markets and creation of appropriate business structures to support it

We will make full use of the Group's global network, which is one of its strengths, to increase the number of orders received in growing markets, including China, India and Southeast Asia. At the same time, we will focus on creating suitable business structures for achieving these aims and on strengthening our corporate governance. We will also enhance our cost competitiveness through such measures as cost reduction in response to the increasingly intense competition for orders.

» Reinforcement of our management base through organizational and human resources development and strategic investments

We will develop organizations which respond flexibly to business globalization and changes in market environments, including reorganization of companies within the Group. We will also strive to reinforce our human resources capabilities through training systems designed to enhance employees' expertise and prepare them to handle overseas operations. We will also carry out strategic investments in our management base, including development of our human resources, R&D capabilities, IT systems, and operational innovation.

We also actively promote investment in peripheral business fields with potential for market expansion. Examples of businesses we expect to grow in the future include business related to lithium-ion secondary battery facilities equipped with systems to collect NMP (N-methyl-2-pyrrolidone), for example, which is used as a polar solvent at the time of manufacturing rechargeable lithium-ion batteries, and business concerned with new decontamination systems employing hydrogen peroxide.

Paint Finishing System Business: The painting process conducted during automobile manufacturing requires system control technologies to enhance energy efficiency and reduce CO_2 emissions. At the same time, it requires technologies to prevent environmental pollution, such as devices to process organic solvent gas (VOC) exhaust. We have been pursuing development of these technologies on our own initiative for many years in response to these requirements. We are continuing to focus on the development of these energy-saving environmental technologies and maintaining them at the highest level in the industry.

We are also striving to increase the productivity and quality of our Paint Finishing System Business and to enhance our customer service capabilities by expanding our operations into such peripheral business fields as painting devices and paint circulation systems that exert a significant influence on the coating quality of paint facilities as well as conveyor systems for the painting process. We are seeking at the same time to further the accumulation of peripheral technologies and know-how concerning automobile paint plants, moreover, while improving our engineering capabilities to enable us to make total proposals for the design of paint plants.

Q4 What are your global strategies with respect to the Green Technology System and Paint Finishing System businesses, respectively?

Green Technology System Business: As long as the Japanese domestic market continues to contract, further global expansion is essential for the Taikisha Group to achieve growth.

The Group has been conducting business overseas for some 40 years now, and it owns 27 affiliated companies in other countries. Based on its abundant overseas experiences and its global network that has taken root in local markets, which are among the Group's strengths, the Group will increase its overseas sales further and respond to growth in overseas markets. We aim to achieve a dramatic increase in orders received, especially in growth markets such as China and Southeast Asia, where brisk investment in facilities and equipment continues to be expected. We are currently adjusting the role and structure of our governance to enable us to respond to future increases in the volume of construction.

We will also focus on strengthening our overseas affiliated companies and furthering the education of our local employees.

Paint Finishing System Business: In the Paint Finishing System Business, which accounts for nearly 80% of our overseas sales, we will allocate our management resources preferentially to markets with high growth potential, such as China and India, and create a competitive organization with the ability to respond to intensifying competition for orders.

In India, we have reinforced our plants' production facilities in order to expand the range of our customer industries beyond automobiles and diversify our sources of earnings. In China, we plan to strengthen our sales activities by employing local subsidiaries with the aim of receiving orders from locally capitalized automobile companies.

We will respond to the further intensifying competition for orders, moreover, by assuring the implementation of cost-reduction measures and establishing a global procurement structure, strengthening our cost competitiveness and seeking to expand the number of orders we receive.

In both the Green Technology System and Paint Finishing System businesses, we will promote globalization strategically in regions with growth potential, while at the same time pursuing active efforts to cultivate new businesses and expand our fields of business.

Wuzhou Taikisha Engineering Co., Ltd.

Tianjin Dongchun-Taiki Metal Finishing Conveyor System Manufacturing Co., Ltd.

Shanghai Dongbo-Taiki Conveyor System & Manufacturing Co., Ltd.

Taikisha Engineering India Ltd.

Q5 How are you approaching the issues of human resources development and strategic investment to strengthen your management base?

We will respond to the globalization of our customers' businesses by developing organizations that enable all our divisions and headquarters departments to respond more efficiently. We will continue to examine and implement the reorganization of companies within the Group according to their functions and roles, and establish a structure capable of responding appropriately to changes in overseas market environments.

We will also focus on enhancing our human resources capabilities. In concrete terms, this means developing and expanding career advancement and training systems designed to enhance employees' expertise, and to actively support and promote the development of their capabilities. We will foster human resources with the ability to respond to our global business development, especially human resources capable of handling overseas operations, throughout the Group as a whole, including locally hired employees, and seek to stabilize quality with respect to technologies and management.

The Group considers an ability to respond promptly to change necessary to its efforts to achieve continuous growth. We will consequently conduct investments from a strategic perspective in our management base, including such areas as human resources development, R&D system development, technological development, IT system development and operational innovation.

Q6 What is your position regarding the return of profits to shareholders?

The Group considers the return of profits to our shareholders through dividends as one of our most important management responsibilities.

It is our dividend policy to make returns to our shareholders, with both earnings-based dividends and stable dividends taken into consideration. If the current severe economic environment continues for two or three years, we are hoping to maintain a dividend of 30 yen per share to the best of our ability.

Green Technology System Division

Business Overview / Business Report for the Current Fiscal Year

The Green Technology System Division operates an Industrial HVAC business mainly for manufacturing facilities and a Building HVAC business for office buildings and large-scale commercial facilities, both in Japan and overseas. The Division is striving to enhance its eco-friendly businesses, such as its engineering business for improving production efficiency at plants and its solution business for developing and selling high-efficiency exhaust treatment equipment and making optimal energy-saving proposals.

As concerns the results for the fiscal year ended March 31, 2010, orders received totaled ¥85,363 million (a 24.6% year-on-year decrease) and sales totaled ¥77,926 million (a 27.8% year-on-year decrease).

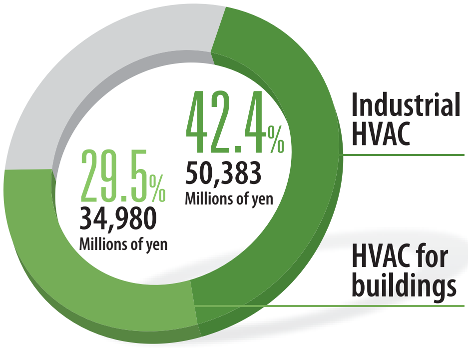
Overseas Case Examples

[VIETNAM] Taikisha Vietnam Engineering Inc.

Completion of Shiseido production plant in Vietnam

A Shiseido production plant was completed in Vietnam in November 2009. The plant was newly constructed to manufacture hairdressing and other products in the Amata Industrial Park, an approximately 1-hour drive from Ho Chi Minh City. Taikisha's responsibilities include the plant's air-conditioning, sanitary, firefighting and utility facilities.

Orders Received by Segment

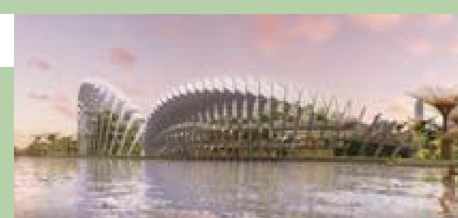


Technological Case Example

Contributing to development of the rechargeable lithium-ion battery production industry

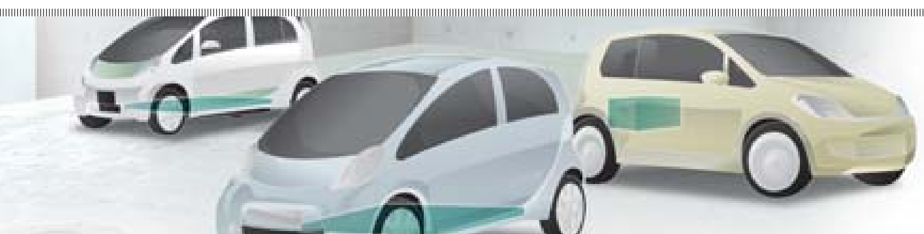
NMP (N-Methyl-2-pyrrolidone) is essential for use as a solvent in the manufacture of rechargeable lithium-ion batteries, which serve as the power source for the electric vehicles (EVs) and hybrid electric vehicles (HEVs) that are gaining popularity today for their environmental friendliness. Gases containing large amounts of NMP are emitted in the battery production process, however, and can cause air pollution if they enter the atmosphere untreated. It is vital that the NMP be recovered from these exhaust gasses. Since NMP is an extremely expensive solvent, moreover, manufacturers prefer to recover and reuse it. We have responded by developing NMP recovery and reuse systems, and we boast the best record of any Japanese company in providing them to manufacturers.

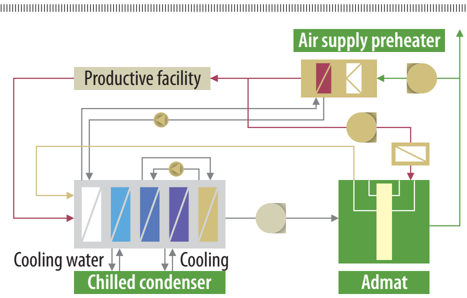
[SINGAPORE] **Taikisha (Singapore) Pte. Ltd**



Participation in a high-profile, large-scale development project in Singapore

Taikisha is currently conducting Air-Conditioning & Mechanical Ventilation and Building Management System works on Gardens by the Bay, a large-scale (101 ha) waterfront garden development project in the Marina Bay area in Singapore that is scheduled to open in 2011. Among other facilities, Taikisha's green energy- and water-related technologies are being deployed in two glass-domed biomes in the Cooled Conservatory Complex , a botanical garden for tropical horticulture. The plant-friendly facilities will employ such technologies as blind control to maintain constant temperatures with efficient use of energy. The Taikisha Group considers participation in this premier development project in Singapore enormously significant for advancing its overseas business strategies.





Taikisha's NMP Recovery System offers the following advantages:

[Environmentally Friendly]
High NMP recovery efficiency realizes zero NMP emission into the atmosphere.

[Energy Saving]
Uses a highly efficient heat recovery system to realize a high energy savings potential.

[Economically Efficient]
The recovered NMP is of high purity and reusable, greatly reducing recycling expenses.

Taikisha anticipates growth in demand for rechargeable lithium-ion batteries as the number of EVs and HEVs on the road increases, and demand for NMP recovery systems is expected to grow along with it. We will make active efforts to introduce our eco-friendly NMP recovery technologies to our customers and contribute to development of the rechargeable lithium-ion battery production facility business.

Paint Finishing System Division

Business Overview / Business Report for the Current Fiscal Year

The Paint Finishing System Division operates automobile paint plant design and construction businesses with a primary focus on Japanese and overseas locally capitalized automobile manufacturers. The Division's operations constitute a total engineering-oriented business concerned with improving automobile painting and paint transfer efficiency and reducing the overall energy burden on paint plants. It is justifiably proud of its world-leading technological capabilities and market share.

As concerns the results for the fiscal year ended March 31, 2010, orders received totaled ¥33,303 million (a 35.4% year-on-year decrease) and sales totaled ¥39,307 million (a 33.9% year-on-year decrease).

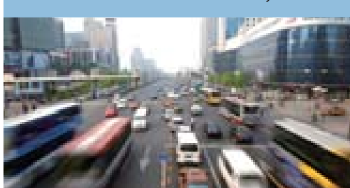
Overseas Case Examples

"Localization" efforts bear fruit in China with successive order receipt from 100% locally capitalized automakers

The Paint Finishing System Division is promoting business expansion into the BRICs and Southeast Asia. One strategy deployed for this purpose is a "localization" policy in overseas countries.

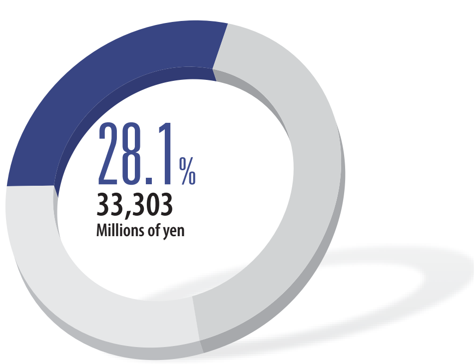
In China, we established a joint venture with a local company 16 years ago and subsequently established a conveyor system manufacturer in the Tianjin area in 2004. We are increasing our competitiveness with respect to other companies by expanding our local procurement of equipment and materials, including conveyor systems, in China. This "localization" strategy has borne fruit with the receipt of orders for the construction of new paint plants from 100% locally capitalized Chinese automobile manufacturers, including Tianjin FAW XIALI Automobile Co., Ltd. and Shenyang Brilliance Jinbei Automotive Co., Ltd., during the past fiscal year. Key factors contributing to the awarding of these orders include our resource saving and energy conservation technologies and the excellent reputation of our recent construction work in China.

We will continue to pursue active business development based on the two "wheels" of our world-leading technologies and our ongoing "localization" activities.



[CHINA] **Wuzhou Taikisha Engineering Co., Ltd.**

Orders Received by Segment



Technological Case Example

Newly developed automobile painting machine realizes world's largest CO_2 reductions

Taikisha and Nissan Shatai Co., Ltd. have jointly developed a device called the Painting Machine-Integrated Air Shield that attains the world's highest standard for restraining CO_2 emissions in the automobile painting process, and have succeeded in putting it to practical use. Employing the shield, which operates by evaporating moisture while paint is in transit from the paint gun to the auto body, in the top-coating process can halve the time required for drying in the drying facility. Its development has made it possible to reduce CO_2 emissions in the processes from top-coat

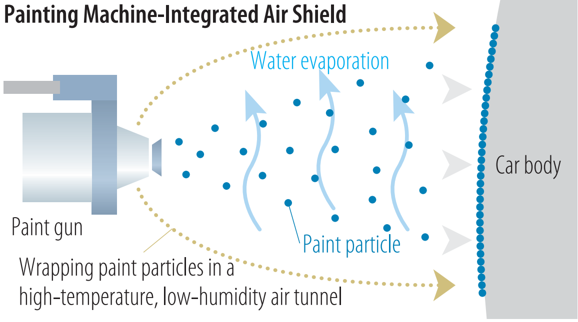
[RUSSIA] **"Taikisha (R)" LLC**

Russian subsidiary established to serve as a base of operations for business with automobile manufacturers from around the world

Taikisha established "Taikisha (R)" Limited Liability Company as a wholly owned subsidiary in Kaluga, Russia, in December 2009. The new subsidiary will serve as a base for constructing a new paint finishing system under a contract awarded by LLC "PCMA Rus," a joint venture company established in Russia by PSA Peugeot Citroën and Mitsubishi Motors Corporation. It will also play a role as a base of operations for business with international automobile manufacturers from countries including Japan, Europe and U.S.A. that operate in Russia. We intend to promote "localization" activities in Russia as well, and to pursue business expansion in the Russian market.

color base painting to top-coat clear painting by 25% from their former levels. It has also realized an overall reduction in CO_2 emissions by paint plants of 16% as compared with conventional levels. This represents yet another contribution by Taikisha to improving the environmentally sound operation of automobile paint plants.

Painting Machine-Integrated Air Shield



CSR Initiatives

Taikisha Group aims to be trusted and considered a faithful company by a large number of stakeholders, such as employees, customers, clients, and other involved parties.

Taikisha Group aims to be trusted and considered a faithful company.

We strive to conduct CSR activities to contribute towards creating a sustainable society and global environment by using our technologies to conserve the environment, returning profits to our shareholders and society through our sound business operations, and creating prosperity for customers and clients as well as providing comfortable lives for employees through our constant growth in accordance with our corporate philosophy, "establish a company that can perpetually grow and contribute to the society" and "create an attractive company." In addition, we make every effort to create a corporate culture with a high level of corporate ethics to thoroughly observe the applicable laws and ordinances and to gain our stakeholders' trust as a faithful company.

Contributions to Society

Environmental ISO activities, contributions to energy conservation through eco-friendly technologies, provision of exhaust detoxification technologies, reduction of our impact on global warming

Customer Confidence

Quality control, activities based on the ISO 9001 standard, development of technologies that meets users' needs

Compliance Information

Various activities, such as the creation of a corporate culture in which all applicable laws and ordinances are observed, formulation of a code of conduct, board resolutions regarding compliance with the Anti-monopoly Law and other relevant laws in business operations, implementation of compliance education for all employees, and other relevant activities are conducted under the instruction of the Corporate Compliance Committee.

Corporate Governance

Basic policy

The Group has established its management vision: "We observe the spirit of the law, perform business transactions through free and fair competition, and contribute to customers, clients, shareholders, employees, communities, society, and the global environment through our transparent and highly ethical management values." Under this management vision, the company has made it a basic policy to thoroughly incorporate compliance awareness, gain the trust of all stakeholders, aim to become a corporate group that grows and develops in a healthy manner, and realize fair and highly transparent management.

Environmentally Friendly Technologies

The Nature of Taikisha's Corporate Social Responsibility Activities

As a corporation engaging in businesses related to the environment, we implement environmental conservation activities through our business operations themselves. We are contributing to realization of an eco-friendly, sustainable society by offering our CO_2 reduction and environmental pollution prevention technologies to customers, both in Japan and overseas.
The following are some recent technologies born through our R&D activities with respect to environmental pollution prevention.

Examples of environmental technologies

Development of an eco- and human-friendly hydrogen peroxide-based decontamination system technology, "HYPER DRYDECO"

We developed HYPER DRYDECO (trademark registration applied for), a formaldehyde-free, eco-friendly decontamination system technology, in a joint project with Takeda Pharmaceutical Company Limited.

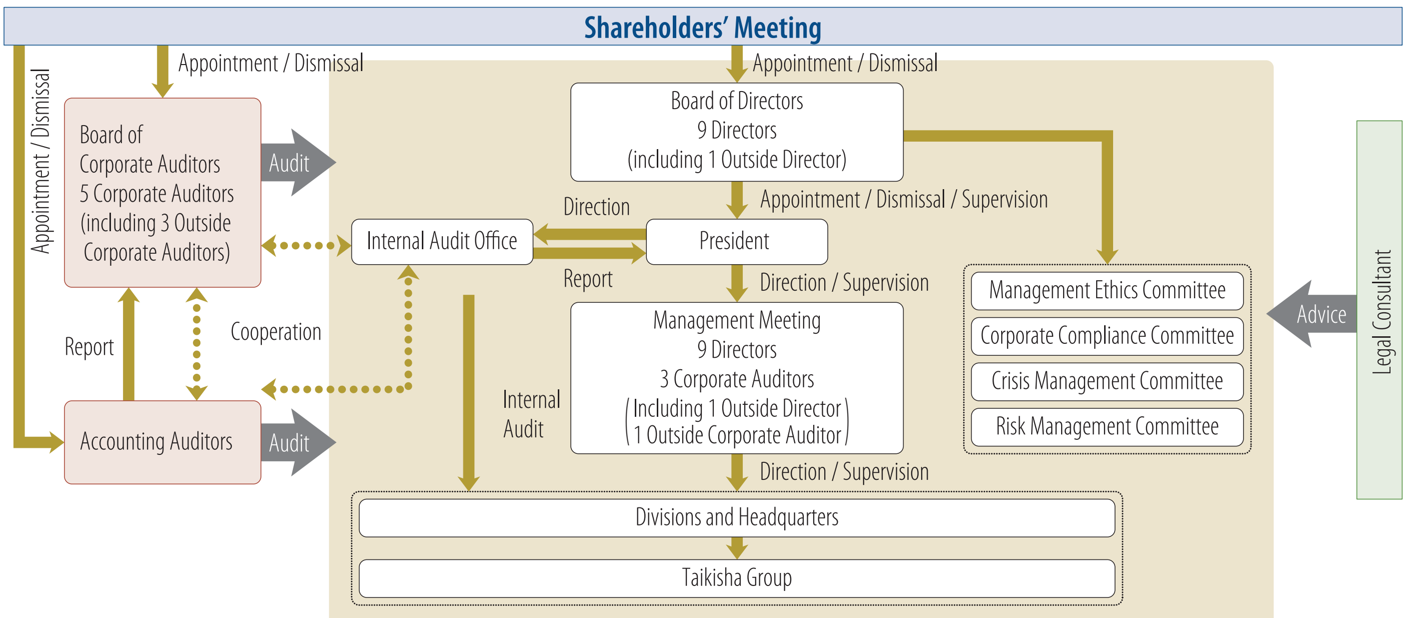
Japanese law requires aseptic drug formulation and animal experimentation facilities in Japan to conduct interior decontamination* to ensure the cleanliness of their operating environments. In the past, formaldehyde has generally been used for decontamination purposes. The relevant regulations in the Japanese law were revised in 2008, however, out of concern for environmental pollution and effects on the human body, raising difficulties with respect to conventional use of formaldehyde to conduct decontamination in a manner consistent with the laws and regulations. We therefore researched alternative decontaminants, focusing on hydrogen peroxide in consideration of its safety for humans. This research led to the successful development of HYPER DRYDECO, a new decontamination system technology employing


Sample Examination Device

Compliance Information

Taikisha conducts its operations in accordance with its corporate philosophy and Code of Conduct, observes all the laws and ordinances related to its business, and makes every effort to implement fair and sound business practices. In addition, we have installed a Corporate Compliance Committee, Green Technology System Division Compliance Committee, and Corporate Compliance Department in order to remind all employees to observe the relevant laws and ordinances.

Conceptual Diagram of Corporate Governance



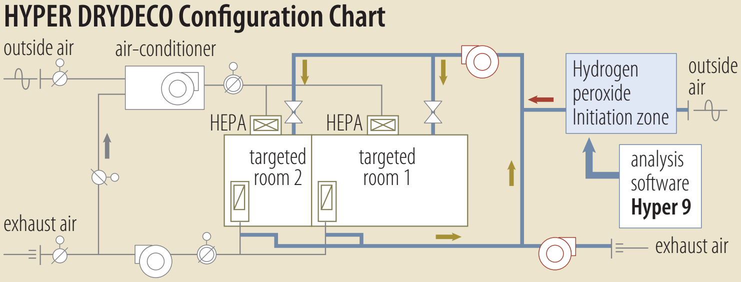
hydrogen peroxide. HYPER DRYDECO realizes safe and assured decontamination of interior environments while restraining the corrosive properties of hydrogen peroxide.

Hydrogen peroxide has very little effect on the human body and surrounding air. With this newly developed technology, we have established an eco-friendly decontamination system employing hydrogen peroxide to decontaminate interior environments.

Our eco-friendly new HYPER DRYDECO decontamination system technology offers potential for extensive deployment in such facilities as hospitals and public transportation systems as well as aseptic drug laboratories. Moving forward, we will continue to pursue technological development that contributes to environmental pollution prevention and environmental burden reduction.

* "Decontamination" refers to elimination of existing microorganisms and particles, etc., or to their reduction to predesignated levels through application of a reproducible method.

HYPER DRYDECO Configuration Chart



Case Examples of HYPER DRYDECO Use

MANAGEMENT'S DISCUSSION and ANALYSIS

FIVE-YEAR SUMMARY : Taikisha Ltd. and its Consolidated Subsidiaries for the years ended March 31, 2006 to 2010

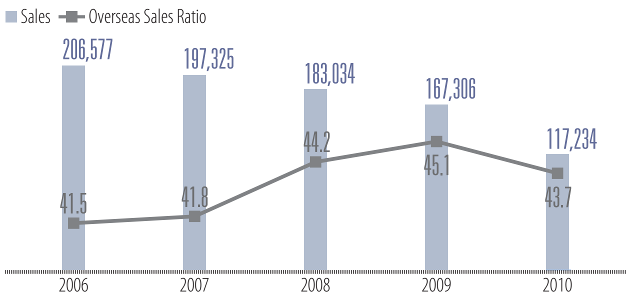
Millions of yen (except per share amounts)

CONSOLIDATED	2006	2007	2008	2009	**2010**
Orders received:	¥205,493	¥183,482	¥186,568	¥164,738	**¥118,667**
Green Technology System Division					
Environmental facilities (HVAC for building)	45,774	26,247	27,517	36,053	**34,980**
Industrial facilities (industrial HVAC)	85,390	89,479	92,566	77,124	**50,383**
Paint Finishing System Division	74,329	67,755	66,483	51,560	**33,303**
Sales	206,577	197,325	183,034	167,306	**117,234**
Green Technology System Division					
Environmental facilities (HVAC for building)	52,659	40,120	40,535	24,611	**26,804**
Industrial facilities (industrial HVAC)	86,605	95,206	83,118	83,247	**51,121**
Paint Finishing System Division	67,311	61,997	59,380	59,447	**39,307**
Net income	1,881	901	1,175	3,074	**3,666**
Total assets	167,379	171,741	142,024	119,483	**121,894**
Total net assets	68,029	71,377	67,379	61,441	**66,263**
Equity ratio (%)	40.6	39.5	44.6	48.9	**52.3**
Return on equity (%)	2.9	1.3	1.8	5.0	**6.0**
Net income per share	48.43	24.43	31.97	83.60	**99.73**
Cash dividends per share	30.00	30.00	35.00	30.00	**30.00**
Net assets per share	¥1,823.41	¥1,845.87	¥1,723.67	¥1,590.08	**¥1,734.49**

NON-CONSOLIDATED					
Orders received:	¥139,374	¥112,143	¥112,217	¥110,898	**¥78,272**
Green Technology System Division					
Environmental facilities (HVAC for building)	43,640	25,529	26,149	34,722	**33,994**
Industrial facilities (industrial HVAC)	55,572	59,528	54,826	49,331	**29,246**
Paint Finishing System Division	40,161	27,085	31,241	26,843	**15,032**
Sales	142,694	133,495	115,475	104,721	**75,971**
Green Technology System Division					
Environmental facilities (HVAC for building)	50,751	39,189	39,199	23,434	**25,786**
Industrial facilities (industrial HVAC)	57,794	64,846	47,707	53,385	**30,956**
Paint Finishing System Division	¥34,148	¥29,459	¥28,567	¥27,901	**¥19,228**

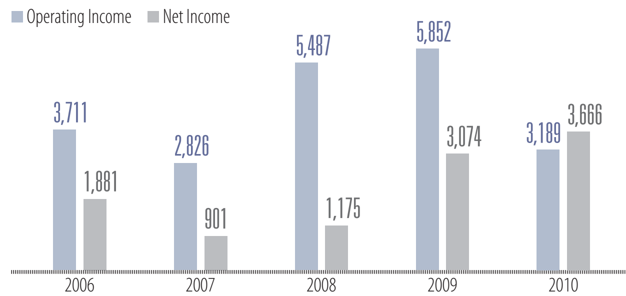
Sales & Overseas Sales Ratio

(Millions of yen, %)



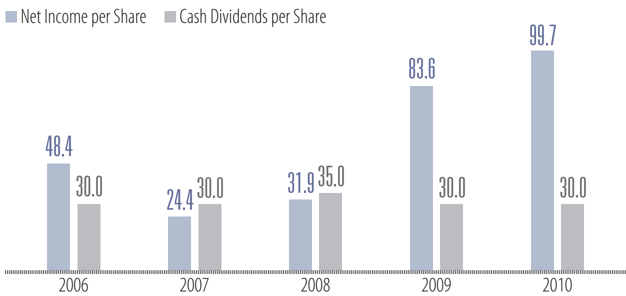
Operating Income & Net Income

(Millions of yen)



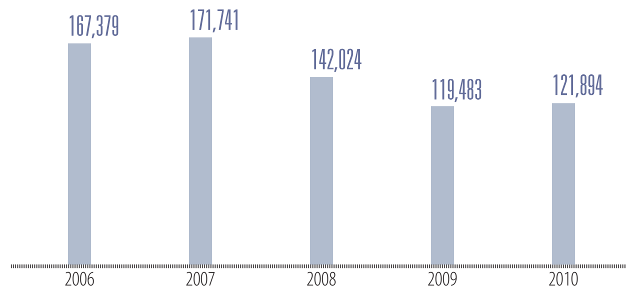
Net Income per Share & Cash Dividends per Share

(¥)



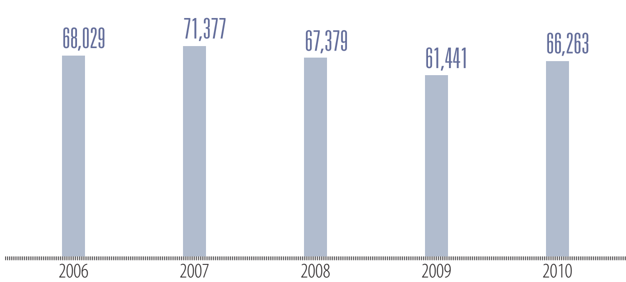
Total Assets

(Millions of yen)



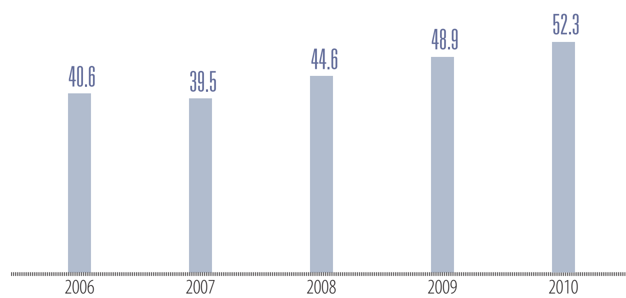
Total Net Assets

(Millions of yen)



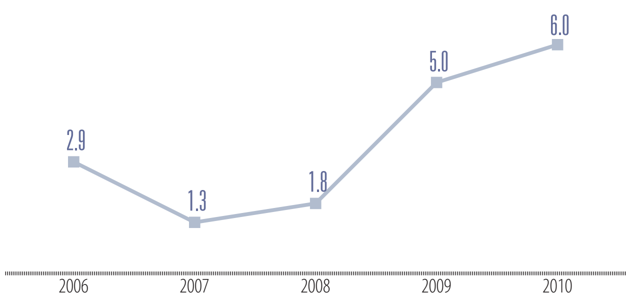
Equity Ratio

(%)



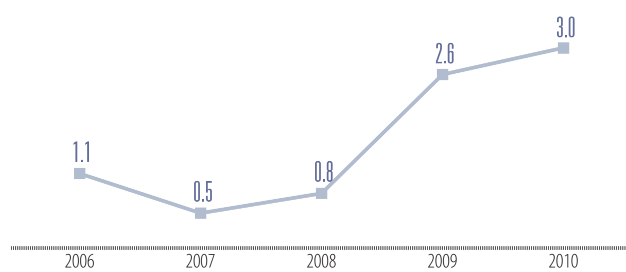
ROE

(%)



ROA

(%)



Results of Operations (Overview)

The results for the fiscal year ended March 31, 2010

Earnings Overview

World economy gradually recovered in the second half of the current consolidated fiscal year, led by economic stimulus plans by governments and high economic growth of developing countries including China.

Domestic construction industry has still been in severe business environment due to shrinking public investment and manufacture's conservative stance on equipment investment.

As a result, consolidated orders received decreased 28.0% year-on-year to ¥118,667 million.

HVAC orders received for building construction decreased 3.0% year-on-year to ¥34,980 million and HVAC orders received for industrial construction decreased 34.7% year-on-year to ¥50,383 million due to sluggish investment of manufacturing industry. Total amount of the Green Technology System Division decreased 24.6% year-on-year to ¥85,363 million.

Orders received of the Paint Finishing System Division decreased 35.4% year-on-year to ¥33,303 million affected by slow investment of Japanese, European and North American car manufacturing industry.

Consolidated sales decreased 29.9% to ¥117,234 million. Sales in HVAC for building construction increased 8.9% year-on-year to ¥26,804 million, and in industrial HVAC decreased 38.6% year-on-year to ¥51,121 million. Total amount of the Green Technology System Division decreased 27.8% to ¥77,926 million. HVAC for building construction had large number of orders carried from the previous to the current fiscal year. However, Industrial HVAC was affected by weak manufacturer's investment.

Sales in Paint Finishing System decreased 33.9% year-on-year to ¥39,307 million, affected by shrinking demand for paint finishing plants by domestic and European and North American car manufacturer.

As a result of efforts for profitable construction orders and reducing costs, gross profit ratio recorded 14.5% representing a 1.2% improvement. Gross profit totaled ¥17,036 million, a ¥5,262 million year-on-year decrease, due to decrease in sales by ¥50,072 million from the previous fiscal year.

Selling, general and administrative expenses totaled ¥13,847 million, a ¥2,599 million decrease over the previous fiscal year, due to cut of personnel and overhead cost, under "contingency plan (Urgent measures to improve profitability)". However, due to decrease in sales, operating income totaled ¥3,189 million, a ¥2,663 million year-on-year decrease, and ordinary income totaled ¥3,699 million, a ¥2,995 million decrease over the previous fiscal year.

Financial Condition

Assets

As of March 31, 2010, total assets increased by ¥2,411 million from the previous fiscal year to ¥121,894 million. The principal factor was increase in investment securities which was included in investments and other assets.

Liabilities

As of March 31, 2010, total liabilities decreased by ¥2,410 million from the previous fiscal year to ¥55,631 million. The principal factor was decrease in notes payable and accounts payable for construction contracts and other.

Net Assets

As of March 31, 2010, total net assets increased by ¥4,822 million from the previous fiscal year to ¥66,263 million. The principal factor was increase in retained earnings and valuation difference on available-for-sale securities.

Cash Flows

Cash flows from operating activities and investment activities during the current consolidated fiscal year increased by ¥1,077 million and ¥2,105 million, respectively. However, cash flows from financing activities decreased by ¥1,995 million. As a result, the ending balance of cash and cash equivalents for the current consolidated fiscal year increased by ¥1,485 million over the previous fiscal year, amounting to ¥ 26,752 million.

The primary reasons of increase in cash flows from operating activities for the

Indicators of Taikisha's financial position are as follows:

(Years ended March 31)

	2006	2007	2008	2009	**2010**
Equity ratio (%)	40.6	39.5	44.6	48.9	**52.3**
Equity ratio on market value basis (%)	43.4	28.7	30.8	32.3	**45.5**
Debt to cash flow ratio (%)	–	–	7.1	110.0	**198.8**
Interest coverage ratio (Times)	–	–	197.2	12.7	**15.9**

Notes: 1. All indicators are calculated using consolidated formulas according to the standards below:
*Equity ratio: Shareholders' equity and valuation and translation adjustments/Total assets
*Equity ratio on market value basis: Market capitalization/Total assets
*Debt to cash flow ratio: Interest-bearing debt/Operating cash flow
*Interest coverage ratio: Operating cash flow/Interest expenses
2. Market capitalization is calculated by multiplying the closing stock price on the balance sheet date by the number of outstanding shares (excluding treasury stock) at the balance sheet date.
3. For operating cash flow, the Company uses cash flow from operating activities in the consolidated statements of cash flows. Interest-bearing debt includes all debt recorded on the consolidated balance sheets on which the Company pays interest. For interest expenses, the Company uses the amount of interest expenses paid as shown on the consolidated statements of cash flows.

current fiscal year were decrease in notes and accounts receivables of ¥2,305 million, increase in advances received on uncompleted construction contracts of ¥2,505 million, and income before income taxes and minority interests of ¥3,884 million.

The primary reason reducing cash and cash equivalents was a decrease in notes and accounts payable-trade of ¥5,127 million.

The increase in cash flows from investing activities was primarily due to refund of time deposits of ¥2,994 million.

The primary reason of the decrease of cash flows from financing activities was cash dividends paid of ¥1,382 million.

Risk Factors

The following Taikisha Group issues have the potential to significantly affect investor decisions. Note that the items below include forward-looking statements. Such statements are judgments by management as of March 31, 2010.

Changes in Private Capital Investment

Major clients of Taikisha group consist of automobile and IT industries. Their investment will still has been weak in Japan, although it has slightly recovered in some areas outside Japan. Slow recovery of the major clients' will for investment could affect Taikisha Group's business results.

Overseas Business Risk

Unforeseen changes in laws and regulations, political instability, economic fluctuations and other factors in overseas where the Taikisha Group operates could affect business results. For contract payments paid and cash received for orders in connection with foreign currency denominated contracts, the Taikisha Group uses forward foreign exchange contracts and other instruments to hedge currency risk to the maximum extent possible. However, exchange rate fluctuations could expose the Taikisha Group to currency risk.

In addition, exchange rates could affect the Taikisha Group's business results, because the financial statements of consolidated overseas subsidiaries are translated into Japanese yen in preparing the consolidated financial statements.

Construction Defect Liability

The Taikisha Group concludes warranty contracts with customers guaranteeing construction against defects for a fixed period of time after completion of construction. The Taikisha Group provides for a reserve for warranty costs for completed works to cover repair costs in connection with these warranties, based on past experience. However, these repair costs could potentially exceed the balance of the reserve.

Accounts Receivable Collection Risk

The Taikisha Group comprehensively manages customer credit. However, construction billings may become uncollectible due to factors such as customer insolvency, which could affect Taikisha Group's business results.

Orders Received Below-costs Due to Price Competition

The intense competition in the construction business creates the possibility that orders received are sometimes below cost. In such cases, the Taikisha Group works to reduce costs to minimize the impact on profits. However, reduction of profits due to such orders could affect the Taikisha Group's business results.

Changes in Material Prices

A sharp rise in material prices when the Taikisha Group procures construction materials could affect business results if the Taikisha Group is unable to reflect the higher prices to orders received.

Seasonal Fluctuation in Business Results

Completion of construction contracts in Japan is concentrated in the second half of the fiscal year, and consequently, the sales of completed construction contracts and profits in the first half of the fiscal year tends to be considerably lower than them in the second half.

Asset Ownership Risk

The Taikisha Group owns real estates, securities and other assets related to its business activities, and changes in the market value of these assets could affect Taikisha Group's business results.

Risk on Retirement Benefit Plan

Downside of pension assets' market value and retirement benefit trust, change of rate of return and condition of discount rate, could affect Taikisha Group's business results.

Disasters and Accidents

The occurrence of unforeseen events such as natural disasters or accidents could affect Taikisha Group's business results.

Legal Risk

Taikisha Group is working in concert to ensure assiduous management of legal and regulatory compliance. However, any violation of laws or regulations by a director or employee of Taikisha Group could lead to results such as restrictions on the Taikisha Group's business activities, increased costs or reduced sales, which could affect Taikisha Group's business results.

Subsidiaries and affiliates

The Taikisha Group consists of Taikisha Ltd. (the "Company"), 29 subsidiaries, and 3 affiliates. Taikisha and 5 subsidiaries are domiciled in Japan, and a total of 24 subsidiaries and 3 affiliates are domiciled overseas.

CONSOLIDATED BALANCE SHEETS

Taikisha Ltd. and its Consolidated Subsidiaries : As of March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
Assets	2009	**2010**	**2010**
Current assets:			
Cash and deposits (Notes 3, 4 and 5)	¥28,305	**¥27,320**	**$293,644**
Notes receivable, accounts receivable from completed construction contracts and other (Note 4)	44,995	**43,630**	**468,944**
Costs on uncompleted construction contracts (Note 6)	17,386	**17,518**	**188,290**
Raw materials and supplies	393	**453**	**4,874**
Deferred tax assets (Note 12)	1,709	**1,317**	**14,155**
Other	3,302	**4,556**	**48,974**
Allowance for doubtful accounts	(257)	**(306)**	**(3,297)**
Total current assets	95,834	**94,489**	**1,015,583**
Property, plant and equipment:			
Land (Note 5)	2,863	**3,371**	**36,232**
Buildings and structures (Note 5)	7,427	**7,723**	**83,007**
Machinery, equipment, vehicles, tools, furniture and fixtures (Note 5)	4,053	**4,404**	**47,337**
Other	241	**317**	**3,409**
	14,584	**15,815**	**169,986**
Accumulated depreciation	(8,060)	**(8,743)**	**(93,977)**
Property, plant and equipment, net	6,524	**7,071**	**76,008**
Intangible assets:			
Intangible assets, net	1,469	**1,473**	**15,841**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	443	**388**	**4,178**
Investment securities (Notes 4 and 5)	12,478	**15,827**	**170,112**
Deferred tax assets (Note 12)	182	**101**	**1,094**
Other	3,232	**3,275**	**35,200**
Allowance for doubtful accounts	(682)	**(733)**	**(7,884)**
Total investments and other assets	15,654	**18,859**	**202,701**
Total assets	¥119,483	**¥121,894**	**$1,310,135**

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars
Liabilities and Net assets	2009	**2010**	**2010**
Current liabilities:			
Short-term loans payable (Notes 4 and 7)	¥1,555	**¥1,303**	**$14,011**
Current portion of long-term loans payable (Notes 4 and 7)	70	**177**	**1,909**
Notes payable, accounts payable for construction contracts and other (Note 4)	32,953	**28,052**	**301,506**
Advances received on uncompleted construction contracts	12,037	**14,721**	**158,225**
Income taxes payable	1,145	**449**	**4,829**
Deferred tax liabilities (Note 12)	15	**13**	**148**
Provision for warranties for completed construction	556	**309**	**3,330**
Provision for loss on construction contracts	850	**1,089**	**11,707**
Provision for directors' bonuses	45	**37**	**403**
Other (Note 7)	4,575	**3,730**	**40,101**
Total current liabilities	53,807	**49,885**	**536,174**
Noncurrent liabilities:			
Long-term loans payable, less current portion (Notes 4 and 7)	65	**503**	**5,410**
Provision for retirement benefits (Note 8)	3,051	**3,167**	**34,044**
Provision for directors' retirement benefits	168	**204**	**2,201**
Deferred tax liabilities (Note 12)	530	**1,511**	**16,248**
Other (Note 7)	418	**358**	**3,853**
Total noncurrent liabilities	4,234	**5,745**	**61,758**
Total liabilities	¥58,041	**¥55,631**	**$597,932**
Net assets:			
Shareholders' equity (Notes 13 and 18):			
Common stock			
Authorized: 100,000,000 shares			
Issued: 36,782,009 shares	¥6,455	**¥6,455**	**$69,380**
Capital surplus	7,297	**7,297**	**78,432**
Retained earnings	46,372	**48,936**	**525,972**
Treasury stock, at cost — 12,594 shares	(15)	**(17)**	**(188)**
Total shareholders' equity	60,109	**62,671**	**673,597**
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	1,608	**3,933**	**42,280**
Deferred gains or losses on hedges	9	**(0)**	**(5)**
Foreign currency translation adjustment	(3,258)	**(2,828)**	**(30,402)**
Total valuation and translation adjustments	(1,640)	**1,104**	**11,872**
Minority interests	2,973	**2,487**	**26,733**
Total net assets	61,441	**66,263**	**712,203**
Total liabilities and net assets	¥119,483	**¥121,894**	**$1,310,135**

	Yen		U.S. dollars
Per share data (Note 13):			
Net Assets	¥1,590.08	**¥1,734.49**	**$18.64**
Basis of calculation	Millions of yen		
Total net assets	¥61,441	**¥66,263**	
Amounts to be deducted from net assets (Minority interests)	(2,973)	**(2,487)**	
Net assets applicable to common stock	58,468	**63,776**	
Number of shares of common stock as of the year-end (thousands)	36,770	**36,769**	

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Taikisha Ltd. and its Consolidated Subsidiaries : For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2009	**2010**	**2010**
Net sales of completed construction contracts	¥167,306	**¥117,234**	**$1,260,040**
Cost of sales of completed construction contracts (Note 6)	145,008	**100,197**	**1,076,928**
Gross profit on completed construction contracts	22,298	**17,036**	**183,111**
Selling, general and administrative expenses (Note 11)	16,446	**13,847**	**148,829**
Operating income	5,852	**3,189**	**34,282**
Other income (expenses):			
Interest and dividends income	706	**493**	**5,305**
Interest expenses	(123)	**(68)**	**(736)**
Dividends income of insurance	171	**73**	**789**
Foreign exchange losses	(45)	**(154)**	**(1,660)**
Real estates rent	160	**158**	**1,700**
Rent expenses on real estates	(131)	**(97)**	**(1,051)**
Gain on disposal of noncurrent assets (Note 9)	20	**21**	**232**
Loss on disposal of noncurrent assets (Note 9)	(52)	**(38)**	**(409)**
Loss on valuation of investment securities	(1,363)	**(31)**	**(342)**
Equity in earnings of affiliates	78	**95**	**1,026**
Reversal of allowance for doubtful accounts	442	**95**	**1,021**
Other income	220	**363**	**3,906**
Other expense	(242)	**(215)**	**(2,316)**
Other income (expenses), net	(158)	**694**	**7,465**
Income before income taxes and minority interests	5,694	**3,884**	**41,747**
Income taxes (Note 12):			
Current	2,450	**1,086**	**11,679**
Deferred	(527)	**(27)**	**(291)**
Minority interests in loss (income)	(697)	**842**	**9,051**
Net income	¥3,074	**¥3,666**	**$39,411**

	Yen		U.S. dollars
Per share data (Note 13):			
Net income	¥83.60	**¥99.73**	**$1.07**
Cash dividends	¥30.00	**¥30.00**	**$0.32**
Basis of calculation	Millions of yen		
Net income	¥3,074	**¥3,666**	
Net income not attributable to common stockholders	–	**–**	
Net income attributable to common stockholders	¥3,074	**¥3,666**	
Average number of shares of common stock (thousands)	36,774	**36,769**	

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Taikisha Ltd. and its Consolidated Subsidiaries : For the year ended March 31, 2009

Millions of yen

	Shareholders' equity					Valuation and translation adjustments				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minority interests	Total net assets
Balance as of March 31, 2008	¥6,455	¥7,716	¥46,078	¥(1,919)	¥58,331	¥5,038	¥(8)	¥30	¥3,987	¥67,379
Changes of items during the period										
Dividends from surplus			(1,287)		(1,287)					(1,287)
Net income			3,074		3,074					3,074
Purchase of treasury stock				(11)	(11)					(11)
Disposal of treasury stock		(0)	(0)	3	2					2
Retirement of treasury stock		(419)	(1,492)	1,912	–					–
Net changes of items other than shareholders' equity						(3,430)	18	(3,289)	(1,014)	(7,716)
Total changes of items during the period	–	(419)	293	1,904	1,778	(3,430)	18	(3,289)	(1,014)	(5,937)
Balance as of March 31, 2009	¥6,455	¥7,297	¥46,372	¥(15)	¥60,109	¥1,608	¥9	¥(3,258)	¥2,973	¥61,441

For the year ended March 31, 2010

Millions of yen

	Shareholders' equity					Valuation and translation adjustments				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minority interests	Total net assets
Balance as of March 31, 2009	¥6,455	¥7,297	¥46,372	¥(15)	¥60,109	¥1,608	¥9	¥(3,258)	¥2,973	¥61,441
Changes of items during the period										
Dividends from surplus			(1,103)		(1,103)					(1,103)
Net income			3,666		3,666					3,666
Purchase of treasury stock				(4)	(4)					(4)
Disposal of treasury stock		0		2	3					3
Net changes of items other than shareholders' equity						2,325	(10)	430	(486)	2,259
Total changes of items during the period	–	0	2,563	(1)	2,562	2,325	(10)	430	(486)	4,821
Balance as of March 31, 2010	¥6,455	¥7,297	¥48,936	¥(17)	¥62,671	¥3,933	¥(0)	¥(2,828)	¥2,487	¥66,263

Thousands of U.S. dollars

	Shareholders' equity					Valuation and translation adjustments				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minority interests	Total net assets
Balance as of March 31, 2009	$69,380	$78,431	$498,416	$(169)	$646,059	$17,283	$104	$(35,026)	$31,956	$660,379
Changes of items during the period										
Dividends from surplus			(11,856)		(11,856)					(11,856)
Net income			39,411		39,411					39,411
Purchase of treasury stock				(50)	(50)					(50)
Disposal of treasury stock		1		31	32					32
Net changes of items other than shareholders' equity						24,996	(110)	4,623	(5,223)	24,286
Total changes of items during the period	–	1	27,555	(19)	27,537	24,996	(110)	4,623	(5,223)	51,823
Balance as of March 31, 2010	$69,380	$78,432	$525,972	$(188)	$673,597	$42,280	$(5)	$(30,402)	$26,733	$712,203

CONSOLIDATED STATEMENTS OF CASH FLOWS

Taikisha Ltd. and its Consolidated Subsidiaries : For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2009	**2010**	**2010**
Cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥5,694	**¥3,884**	**$41,747**
Depreciation and amortization	1,055	**1,107**	**11,906**
Increase (decrease) in allowance for doubtful accounts	204	**91**	**987**
Increase (decrease) in provision for retirement benefits	(389)	**9**	**107**
Increase (decrease) in provision for directors' retirement benefits	(88)	**36**	**393**
Increase (decrease) in provision for loss on construction contracts	206	**232**	**2,495**
Increase (decrease) in provision for warranties for completed construction	(121)	**(247)**	**(2,655)**
Interest and dividends income	(706)	**(493)**	**(5,305)**
Interest expenses	123	**68**	**736**
Equity in losses (earnings) of affiliates	(78)	**(71)**	**(768)**
Loss (gain) on sales of investment securities	12	**(9)**	**(98)**
Loss (gain) on disposal of property, plant and equipment and intangible assets	32	**16**	**177**
Loss (gain) on valuation of investment securities	1,363	**31**	**342**
Decrease (increase) in notes and accounts receivable-trade	(699)	**2,305**	**24,777**
Decrease (increase) in inventories	3,004	**123**	**1,331**
Decrease (increase) in advances paid	1,846	**(33)**	**(363)**
Decrease (increase) in non-operating notes receivable	(143)	**70**	**757**
Decrease (increase) in accounts receivable-other	76	**(115)**	**(1,244)**
Increase (decrease) in notes and accounts payable-trade	(9,378)	**(5,127)**	**(55,106)**
Increase (decrease) in advances received on uncompleted construction contracts	320	**2,505**	**26,930**
Increase (decrease) in advances notes payable	(155)	**32**	**351**
Increase (decrease) in accrued consumption taxes	(411)	**(293)**	**(3,154)**
Increase (decrease) in deposits received	(270)	**265**	**2,858**
Increase (decrease) in accrued expenses	(601)	**(210)**	**(2,258)**
Other, net	1,736	**(1,588)**	**(17,069)**
Sub total	2,628	**2,593**	**27,875**
Interest and dividends income received	706	**493**	**5,309**
Interest expenses paid	(120)	**(67)**	**(729)**
Income taxes paid	(1,676)	**(1,941)**	**(20,872)**
Net cash provided by (used in) operating activities	1,537	**1,077**	**11,583**
Cash provided by (used in) investing activities:			
Payments into time deposits	(3,681)	**(378)**	**(4,065)**
Proceeds from withdrawal of time deposits	1,728	**2,994**	**32,189**
Purchase of property, plant and equipment and intangible assets	(1,377)	**(826)**	**(8,887)**
Proceeds from sales of property, plant and equipment and intangible assets	245	**69**	**747**
Purchase of investment securities	(991)	**(79)**	**(849)**
Proceeds from sales of investment securities	423	**44**	**474**
Proceeds from redemption of investment securities	–	**500**	**5,374**
Purchase of investments in subsidiaries	(273)	**(0)**	**(5)**
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 17)	–	**46**	**499**
Payment for purchase of investments in subsidiaries resulting in change in scope of consolidation	(13)	**–**	**–**
Payments of long-term loans receivable	(214)	**(63)**	**(686)**
Collection of long-term loans receivable	59	**32**	**350**
Purchase of insurance funds	(12)	**(305)**	**(3,282)**
Proceeds from maturity of insurance funds	156	**204**	**2,199**
Other, net	(70)	**(132)**	**(1,425)**
Net cash provided by (used in) investing activities	(4,021)	**2,105**	**22,632**
Cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	219	**(388)**	**(4,179)**
Repayment of long-term loans payable	(132)	**(176)**	**(1,893)**
Repayments of lease obligations	(29)	**(46)**	**(497)**
Net decrease (increase) in treasury stock	(8)	**(1)**	**(17)**
Cash dividends paid	(1,287)	**(1,103)**	**(11,856)**
Cash dividends paid to minority shareholders	(288)	**(279)**	**(3,004)**
Net cash provided by (used in) financing activities	(1,526)	**(1,995)**	**(21,448)**
Effect of exchange rate changes on cash and cash equivalents	(2,660)	**297**	**3,198**
Net increase (decrease) in cash and cash equivalents	(6,670)	**1,485**	**15,965**
Cash and cash equivalents at the beginning of period	31,937	**25,267**	**271,575**
Cash and cash equivalents at the end of period (Note 3)	¥25,267	**¥26,752**	**$287,540**

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Taikisha Ltd. and its Consolidated Subsidiaries : For the years ended March 31, 2010 and 2009

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Taikisha Ltd. (the "Company") and its consolidated subsidiaries (collectively the "Companies") are prepared from the consolidated financial statements which have been filed with the Director of Kanto Finance Bureau as required by the Financial Instruments and Exchange Act in Japan, and are prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. In preparing these consolidated financial statements, however, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, the accompanying notes include certain information which is not required under generally accepted accounting principles in Japan but which is presented herein as additional information.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than Japan.

The U.S. dollar amounts included herein are presented solely for the convenience of the reader and are calculated at the approximate rate of exchange prevailing at March 31, 2010 of ¥93.04 to US$1.00. The U.S. dollar amounts should not be construed as a representation that Japanese yen have been, or could be converted into U.S. dollars at the prevailing rate. Figures are rounded down to the nearest million yen and thousand U.S. dollars.

2. Summary of significant accounting policies

(1) Basis of consolidation

The consolidated financial statements include the accounts of Taikisha Ltd. and all significant subsidiaries listed below:

Foreign subsidiaries

TKS Industrial Company
Taikisha Canada Inc. (subsidiary of TKS Industrial Company)
Taikisha de Mexico, S.A. de C.V. (subsidiary of TKS Industrial Company)
Taikisha do Brasil Ltda. (subsidiary of TKS Industrial Company)
Taikisha (Singapore) Pte. Ltd.
Taikisha (Thailand) Co., Ltd.
Taikisha Trading (Thailand) Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)
Thaiken Maintenance & Service Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)
Token Interior & Design Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)
TKA Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)
Taikisha Engineering (M) Sdn. Bhd.
P.T. Taikisha Indonesia Engineering
P.T. Taikisha Manufacturing Indonesia
Taikisha Philippines Inc.
Taikisha Vietnam Engineering Inc.
Wuzhou Taikisha Engineering Co., Ltd.
Beijing Wuzhou Taikisha Equipment Co., Ltd. (subsidiary of Wuzhou Taikisha Engineering Co., Ltd)
Taikisha Hong Kong Limited
Taikisha (Taiwan) Ltd.
Taikisha Korea Ltd.
Taikisha Europe Ltd.
Taikisha Engineering India Ltd.
"Taikisha (R) " LLC (Founded in December 2009)

Domestic subsidiaries

San Esu Industry Co., Ltd.
Nippon Noise Control Ltd.
Tokyo Taikisha Service Ltd.
Custom Ace Co., Ltd.
Taniyama Co., Ltd. (Newly consolidated subsidiaries)

The following unconsolidated subsidiary would have no material effect on the consolidated financial statements of the Companies and is therefore excluded from consolidation.

Unconsolidated subsidiary

Taikisha Espana S.A.

Investments in the following affiliates are accounted for by the equity method of accounting:

Affiliates

Shanghai Dongbo-Taiki Conveyor System Manufacturing Co., Ltd.
Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost due to their immaterial effect on the consolidated financial statements of the Companies.

Unconsolidated subsidiaries and affiliates whose investments are not accounted for by the equity method

Taikisha Espana S.A.
Makiansia Engineering (M) Sdn. Bhd.

All domestic consolidated subsidiaries as well as Taikisha Engineering India Ltd., have a fiscal year ending on March 31, which is the same as the fiscal year of the Company. The other foreign consolidated subsidiaries have a fiscal year ending on December 31. For those foreign subsidiaries with a fiscal year ending December 31, certain adjustments have been made, where appropriate, in preparing the consolidated financial statements to reflect material transactions which might have taken place between their fiscal year end and March 31.

The full portion of the assets and liabilities of the subsidiaries is marked to fair value as of the acquisition of control.

Since the excess of the cost over the underlying net equity of investments in consolidated subsidiaries at their acquisition dates is immaterial, it is amortized when occurred.

(2) Sales recognition

Projects that outcomes of the construction activity up to the end of the reporting period are deemed certain are recognized by the percentage-of-completion method. The percentage of completion is developed using costs of incurred as compared to total estimated costs for each project (cost-to-cost method). Other projects are recognized by the completed-contract method.

Though the Company and domestic subsidiaries used the completed-contract method until previous fiscal year, the Company and domestic subsidiaries have adopted "the Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Statement No. 15 issued on December 27, 2007) and "the Guidance on Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Guidance No. 18 issued on December 27, 2007) from the fiscal year.

As a result, compared to previous methods, sales increased by ¥14,393 million (US$154,706 thousand), operating income increased by ¥1,836 million (US$19,740 thousand) and income before income taxes and minority interests increased by ¥1,833 million (US$19,705 thousand).

(3) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

(4) Investments in securities

Securities issued by unconsolidated subsidiaries and affiliates are stated at cost, determined by the moving average method.

Investments in securities are classified into three categories: 1) trading securities, 2) held-to-maturity debt securities, and 3) other securities. These categories are treated differently for the purposes of measuring and accounting for changes in fair value. The Companies hold 2) held-to-maturity debt securities and 3) other securities. Held-to-maturity debt securities are determined by the amortized cost method. Discounts and premiums are amortized by the straight-line method. Other securities for which market quotations are available are stated at fair value based on market prices at the end of fiscal year. Net unrealized gains or losses on these securities are reported as a separate item in net assets at net-of-tax amount. The cost of securities sold is stated at cost, determined by the moving average method.

(5) Derivatives

Derivative instruments are recognized as either assets or liabilities at their respective fair values at the date of contract, and gains and losses arising from changes in fair value are recognized in earnings in the corresponding fiscal period. If certain hedging criteria are met, such gains and losses are deferred and accounted for as assets or liabilities.

(6) Hedge accounting

Gains or losses arising from changes in the fair value of the derivatives designated as “hedging instruments” are deferred as a component of revaluation and translation adjustment in net assets and included in net profit or loss in the same period during which the gains and losses on the underlying hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company are forward exchange contracts. The underlying hedged items are trade accounts receivable and payable.

As permitted under the accounting principles generally accepted in Japan, when forward foreign exchange contracts meet certain conditions for hedge accounting, accounts receivable and payable covered by these contracts are translated using the contract rates of these forward foreign exchange contracts.

The unrealized gains or losses on the accounts receivable and payable resulting from the difference between the spot foreign exchange rate and contract rate are deferred and amortized over the term of the contract.

The Company has a policy of utilizing the above hedging instruments in order to reduce the Company’s exposure to the risk of foreign exchange rate fluctuation. Thus, the Company’s purchases of the hedging instruments are limited to, at maximum, the amounts of the underlying hedged items.

The Company omits evaluations for effectiveness of its hedging activities.

(7) Inventories

Costs on uncompleted construction contracts are stated at cost on an individual basis. Raw materials and supplies are stated at cost determined by the moving average method.

(8) Allowance for doubtful accounts

To provide for expected credit losses, a general allowance for doubtful accounts is established based on historical default rates for losses. A specific allowance for doubtful accounts is established on an individual account basis to recognize the risk of credit losses on individual receivables.

(9) Provision for warranties for completed construction

The Companies recognize a provision for warranties for completed construction based on past experience rates.

(10) Provision for loss on construction contracts

The Company provides a provision for loss on construction contracts, which are probable to result in and can be reasonably estimated with respect to total estimated construction cost over construction price among construction contracts in progress.

(11) Provision for directors' bonuses

In preparation for future bonus payments to directors, the estimated amount of payments for the current period is recorded.

(12) Property, plant, equipment and depreciation

Property, plant and equipment are stated at cost. Accumulated depreciation is principally computed using the declining-balance method.

Depreciation is computed by certain foreign subsidiaries using the straight-line method based on the estimated useful lives of the assets.

(13) Provision for retirement benefits

The Companies accrue an allowance for employees’ retirement benefits, which is provided for in an amount equal to the difference between retirement benefit obligations and plan assets, less the unrecognized balance of actuarial differences and prior service costs, at the end of fiscal year.

Unrecognized actuarial differences are amortized using the straight-line method over 10 years from the year following that in which they arise. Their balances are ¥2,229 million (US$23,962 thousand) and ¥4,221 million as of March 31, 2010 and 2009, respectively.

Unrecognized prior service costs (reduction in liability) are amortized using the straight-line method over 10 years. The balances of unrecognized prior service costs are ¥1,850 million (US$19,887 thousand) and ¥2,145 million as of March 31, 2010 and 2009, respectively.

The Company and certain of its domestic subsidiaries have retirement plans of the integrated establishment agency type which are governed by the regulations of the Japanese Welfare Pension Insurance Law.

Plan assets at the end of the fiscal year calculated based on the proportion of the funded amounts are ¥7,933 million (US$85,266 thousand) and ¥7,465 million as of March 31, 2010 and 2009, respectively.

From the fiscal year, the Companies adopted the third amendment of "the Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 19 issued on July 31, 2008). Though the Company adopted it, there is no influence on operating income, other income and income before income taxes and minority interests.

(14) Provision for directors' retirement benefits

The Company's domestic subsidiaries recognize liabilities for accrued severance benefits to directors and corporate auditors at 100 percent of the amount required by their policies for severance benefits on the consolidated balance sheets.

(15) Accounting for leases

Until the year ended March 31, 2008, non-transfer-ownership finance leases were permitted to be accounted for in the same manner as operating leases.

In the year ended March 31, 2009, non-transfer-ownership finance leases are to be capitalized in accordance with "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan statement No.13 issued on March 30, 2007). However, the lease transactions entered into contracts on and before March 31, 2008 are continuously accounted for in the same manner as operating leases.

Depreciation expenses are computed by the straight-line method considering lease period to be useful life and scrap value to be zero.

(16) Research and development and computer software

Research and development expenditure is charged to expense when incurred. Expenditure relating to computer software developed for internal use is charged to expense when incurred, except when it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an asset and is amortized using the straight-line method over its estimated useful life of 5 years.

(17) Income taxes

Income taxes payable is calculated based on taxable income for the period. Deferred income taxes are determined using the asset and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

(18) Accounting for consumption tax

Transactions are recorded at amounts exclusive of consumption tax.

(19) Appropriation of retained earnings

Appropriation of retained earnings is accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Cash and deposits	¥28,305	¥27,320	$293,644
Time deposits over three months	(3,038)	(567)	(6,103)
Cash and cash equivalents	¥25,267	¥26,752	$287,540

4. Financial instruments

From the fiscal year, the Companies adopted "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan Statement No.10 issued on March 10, 2008) and "Guidance on Accounting Standard for Financial Instruments and Related Disclosures" (Accounting Standards Board of Japan Guidance No.19 issued on March 10, 2008).

The Companies invest temporary surplus funds in highly secure financial assets and finance short-term operating funds through bank borrowings. Derivatives are used for avoiding risks described below and aren't used for trading or speculative purposes.

Receivables such as notes receivable, accounts receivable from completed construction contracts and other are exposed to the customer credit risk. For this risk, the Companies have a internal system which check customer credit status timely by monitoring each transaction's due date and balance. Though receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, this risk is hedged partly by forward foreign currency contracts.

Stocks in investment securities are exposed to market risk of fluctuation. These stocks are mainly the stocks of companies with business relationships. And the Companies check market price and financial position of these companies on a timely basis.

Payables such as notes payable, accounts payable for construction contracts and other are due within one year. Though trade payables including foreign currency for importing equipment and materials are exposed to the market risks of fluctuation in foreign currency exchange rates, these amounts are always less than notes receivable, accounts receivable from completed construction contracts and other in the same foreign currencies.

Both short-term loans payable and long-term loans payable are for business. Short-term loans payable are exposed to the risks of fluctuation in interest rate. Long-term loans payable are hedged their risks by using fixed interest rates.

Derivatives consist of forward foreign currency contracts, which are used for managing exposures to the market risk from changes in foreign currency exchange rates of receivables in export and payables in import. About derivatives transactions, the Company has an internal guideline of foreign exchange management authorized by administrative management chief executive and execute in accordance with the guideline. The guideline mentions management policy, division name in charge of risk management, purpose of transactions, kinds of transactions and reporting system. About derivatives transactions, the Companies do business only with high credit quality financial institutions to reduce credit risk.

Though trade payable and loans payable are exposed to liquidity risk, the Companies manage their risks by preparing financing plans by each subsidiaries.

(1) Fair Value of financial instruments

	Millions of yen		
	2010		
	Book value	Fair value	Difference
Cash and deposits	¥27,320	¥27,320	¥–
Notes receivable, accounts receivable from completed construction contracts and other	43,630	43,228	(402)
Investment securities	15,095	15,095	(0)
Total Assets	¥86,047	¥85,644	¥(402)
Notes payable, accounts payable for construction contracts and other	28,052	28,020	(31)
Short-term loans payable	1,481	1,481	–
Long-term loans payable	503	503	–
Total Liabilities	¥30,036	¥30,005	¥(31)
Derivatives	–	(2)	(2)

	Thousands of U.S. dollars		
	2010		
	Book value	Fair value	Difference
Cash and deposits	$293,644	$293,644	$–
Notes receivable, accounts receivable from completed construction contracts and other	468,944	464,621	(4,322)
Investment securities	162,251	162,249	(1)
Total Assets	$924,839	$920,515	$(4,324)
Notes payable, accounts payable for construction contracts and other	301,506	301,171	(335)
Short-term loans payable	15,921	15,921	–
Long-term loans payable	5,410	5,410	–
Total Liabilities	$322,837	$322,502	$(335)
Derivatives	–	(30)	(30)

Assets

(a) Cash and deposits

All deposits are in short term period. Therefore book value is close to fair value and book value is used as fair value.

(b) Notes receivable, accounts receivable from completed construction contracts and other

These fair value are discounted to present value. Receivables are categorized by their collection terms, then discounted by each using the discount rate which takes collection terms and credit risk into consideration.

(c) Investment securities

Fair value of stocks are quoted from stock exchange. Fair value of bonds are discounted present value. Discount rate is government bond yields etc.

Liabilities

(a) Notes payable, accounts payable for construction contracts and other and (b) Short-term loans payable

These fair value are discounted to present value. Payables are categorized by their repayment terms, then discounted by each using the discount rate which takes repayment terms and credit risk into consideration.

(c) Long-term loans payable

These fair value are discounted to present value. Discount rate is the expected rate applies when the company borrow additional amount same as principal and interest.

(2) Investments in securities

Investments in securities at March 31, 2010 and 2009 are as follows:

(a) Other securities for which market quotations are available

	Millions of yen		
	2009		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Stocks	¥5,557	¥8,919	¥3,361
Total	¥5,557	¥8,919	¥3,361

	Millions of yen		
	2009		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities whose fair value does not exceed their cost:			
Stocks	¥3,067	¥2,420	¥(647)
Bonds and debentures	500	440	(59)
Total	¥3,567	¥2,860	¥(707)

	Millions of yen		
	2010		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Stocks	¥7,181	¥13,894	¥6,713
Total	¥7,181	¥13,894	¥6,713

	Millions of yen		
	2010		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities whose fair value does not exceed their cost:			
Stocks	¥1,440	¥1,191	¥(249)
Total	¥1,440	¥1,191	¥(249)

	Thousands of U.S. dollars		
	2010		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Stocks	$77,184	$149,340	$72,155
Total	$77,184	$149,340	$72,155

	Thousands of U.S. dollars		
	2010		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Stocks	$15,484	$12,803	$(2,681)
Total	$15,484	$12,803	$(2,681)

(b) Bond held to maturity

	Millions of yen		
	2010		
	Book value	Fair value	Unrealized gain (loss)
Bonds whose fair value does not exceed their cost:			
Stocks	¥10	¥9	¥(0)
Total	¥10	¥9	¥(0)

	Thousands of U.S. dollars		
	2010		
	Book value	Fair value	Unrealized gain (loss)
Bonds whose fair value does not exceed their cost:			
Stocks	$107	$106	$(1)
Total	$107	$106	$(1)

The Company's policies require the Company to write down securities whose market value falls 50% or more below the cost at the end of the year, or whose market value falls 30% or more below the cost over one year, as long as there is no evidence to indicate that the current price will be recovered to the carrying value within one year. The Company recorded an impairment loss of ¥31 million (US$342 thousand) and ¥1,357 million for the years ended March 31, 2010 and 2009 respectively.

(c) Other securities sold in the years ended March 31, 2010 and 2009

Millions of yen		
2009		
Proceeds	Gain on sale	Loss on sale
¥423	¥9	¥22

Millions of yen		
2010		
Proceeds	Gain on sale	Loss on sale
¥44	¥9	¥–

Thousands of U.S. dollars		
2010		
Proceeds	Gain on sale	Loss on sale
$474	$98	$–

(d) Details and book value of securities for which market quotations are unavailable.

	Millions of yen
	2009
Other securities	
Unlisted stocks	¥608
Investment trusts	17
Bonds and debentures	
denominated in foreign currencies	72

(e) Financial instruments whose market quotations cannot be reliably determined.

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Other securities		
Unlisted stocks	¥997	$10,724
Investment trusts	65	700
Bonds and debentures		
denominated in foreign currencies	57	615

(f) Repayment schedule of other securities with maturity

	Millions of yen			
	2010			
	Within one year	One to five years	Five to ten years	More than ten years
Bonds and debentures	¥–	¥31	¥36	¥–

	Thousands of U.S. dollars			
	2010			
	Within one year	One to five years	Five to ten years	More than ten years
Bonds and debentures	$–	$334	$388	$–

(3) Derivatives and hedging activities

Derivative transactions utilized by the Companies are forward currency exchange contracts.

The Companies use forward exchange contracts to hedge against the exchange rate risk associated with monetary receivables and payables denominated in foreign currencies.

The Companies keep a control environment which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of transactions involving derivative financial instruments. The Companies do not hold or issue derivative financial instruments for trading purposes.

The Companies are exposed to certain market risks arising from their forward exchange contracts. The Companies are also exposed to the risk of credit loss in the event of non-performance by the counterparties to the forward exchange contracts. However, the Companies do not anticipate non-performance by any of these counterparties all of whom are financial institutions with high credit ratings.

Fair value of derivative financial instruments

The aggregate amounts contracted to be paid or received and the fair values of derivative financial instruments of the Companies as of March 31, 2010 and 2009 are as follows:

Contract amounts are nominal amounts or notional principal in calculation. These amounts do not indicate the risk of derivatives.

(a)Currency-related derivatives not applied for hedge accounting

	Millions of yen			
	2009			
	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Forward exchange contracts:				
Buy				
Yen	¥56	¥–	¥57	¥1
U.S. dollars	31	–	32	0
Singapore dollars	0	–	0	0
Sell				
U.S. dollars	27	–	26	0
Total	–	–	–	¥2

	Millions of yen			
	2010			
	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Forward exchange contracts:				
Buy				
Yen	¥52	¥–	¥51	¥(1)
U.S. dollars	10	–	10	0
Singapore dollars	2	–	2	(0)
Euros	45	–	45	(0)
Sell				
Yen	9	–	9	0
Total	–	–	–	¥(2)

	Thousands of U.S. dollars			
	2010			
	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Forward exchange contracts:				
Buy				
Yen	$568	$–	$550	$(17)
U.S. dollars	116	–	116	0
Singapore dollars	29	–	29	(0)
Euros	492	–	484	(0)
Sell				
Yen	105	–	102	3
Total	–	–	–	$(22)

(b)Currency-related derivatives applied for hedge accounting

	Millions of yen		
	2010		
	Contract amount	Over one year	Fair value
Forward exchange contracts:			
Sell			
U.S. dollars	¥42	¥28	¥42
Total	¥42	¥28	¥42

	Thousands of U.S. dollars		
	2010		
	Contract amount	Over one year	Fair value
Forward exchange contracts:			
Sell			
U.S. dollars	$460	$306	$452
Total	$460	$306	$452

5. Pledged assets

Assets pledged as collateral as of March 31, 2010 and 2009 are as follows:

		Millions of yen		Thousands of U.S. dollars
Pledged assets	Liabilities covered by pledged assets	2009	2010	2010
Cash and deposits	Deposits as security for dealings by subsidiaries and affiliates	¥32	¥32	$349
	Loans by subsidiaries and affiliates	296	325	3,496
Investment securities,	Loans by invested company	2	2	21
Buildings and structures	Loans by subsidiaries and affiliates	–	94	1,012
Land	Loans by subsidiaries and affiliates	–	487	5,235
Machinery, equipment, vehicles, tools, furniture, and fixtures	Loans by subsidiaries and affiliates	2	6	68

6. Provision for loss on construction contracts

The amount of costs on uncompleted construction contracts was deducted ¥500 million. This deducted amount is provision for loss on construction contracts that is expected losses on construction contracts.

The amount of cost of sales of completed construction contracts includes provision for loss on construction contracts of ¥210 million.

7. Short-term loans payable and long-term loans payable

Annual average interest rate applicable to short-term loans outstanding as of March 31, 2010 is 1.456%.

Short-term loans outstanding during the years ended March 31, 2010 and 2009 are ¥1,303 million (US$14,011 thousand) and ¥1,555 million, respectively.

Long-term loans payable as of March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Long-term debt without collateral	¥136	¥681	$7,319
Less: Current portion	(70)	(177)	(1,909)
Long-term debt, less current portion	¥65	¥503	$5,410

The aggregate annual maturities of lease obligations as of March 31, 2010 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥52	$565
2011 and thereafter	105	1,128
Total	¥157	$1,694

The aggregate annual maturities of long-term loans payable (excluding current portion) as of March 31, 2010 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥–	$–
2012	55	598
2013	39	422
2014	39	424
2015	39	427
2016 and thereafter	329	3,536
Total	¥503	$5,410

The aggregate annual maturities of lease obligations (excluding current portion) as of March 31, 2010 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥–	$–
2012	41	451
2013	28	303
2014	16	175
2015	10	115
2016 and thereafter	7	82
Total	¥105	$1,128

8. Retirement benefit plan

The Company and its domestic subsidiaries adopt three defined benefit retirement plans which consist of plans that are governed by the regulations of the Japanese Welfare Pension Insurance Law, outside funded retirement benefit plans and lump-sum retirement payment plans. Most overseas subsidiaries adopt defined contribution pension plans and others adopt defined benefit pension plans.

The provision for retirement benefits as of March 31, 2010 and 2009 are analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Projected benefit obligations	¥(18,690)	¥(18,191)	$(195,527)
Pension assets (*)	13,563	14,645	157,407
Sub total	(5,127)	(3,546)	(38,120)
Unrecognized actuarial differences (*)	4,221	2,229	23,962
Unrecognized prior service costs	(2,145)	(1,850)	(19,887)
Provision for retirement benefits	¥(3,051)	¥(3,167)	$(34,044)

Notes: 1. Items marked with an asterisk (*) include amounts related to a portion of contributions to a retirement benefit trust.
2. The Company and certain domestic subsidiaries have retirement plans of the integrated establishment agency type which are governed by the regulations of the Japanese Welfare Pension Insurance Law. Plan assets calculated based on the proportion of the funded amounts are ¥ 7,933 million (US$85,266 thousand) and ¥7,465 million for years ended March 31, 2010 and 2009, respectively.
3. Certain domestic and overseas subsidiaries which have lump-sum retirement payment plans adopt the simplified method of calculating the accrued retirement benefits.

Multi-employer pension plans as of March 31, 2010 and 2009 are as follows: Fund status

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Pension assets	¥43,761	¥32,758	$352,085
Retirement benefit obligations based on the financial calculations	57,487	51,004	548,194
Net Amount	¥(13,726)	¥(18,246)	$196,109

Notes: 1. The main factors of net amount as of March 31, 2010 are additional amount of assets evaluation adjustment of ¥4,949 million, past service costs of ¥7,524 million, and a capital fund deficit of ¥5,773 million.
2. The main factors of net amount as of March 31, 2009 are past service costs of ¥7,085 million and a capital fund deficit of ¥6,641 million.
3. Undepreciated past service costs are amortized over 18 years.
4. The contribution ratios of Taikisha Group in the multi-employer pension plans are 20.67% and 22.63% for the years ended March 31, 2010 and 2009, respectively.

Net retirement benefit expenses related to retirement benefits for the years ended March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Service costs	¥852	¥958	$10,302
Interest costs	355	369	3,973
Expected return on plan assets	(332)	(309)	(3,321)
Amortization of unrecognized actuarial differences	624	845	9,090
Amortization of prior service costs	(294)	(293)	(3,159)
Contribution to Defined Contribution Plan	26	5	54
Net retirement benefit expenses	¥1,231	¥1,576	$16,941

Service costs include pension expense calculated by using the simplification method and amounts paid to welfare pension funds.

Assumptions used in calculation of the above information are as follows:

	2009	2010
Method of attributing the projected benefits to periods of service	straight-line basis	straight-line basis
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.5%	2.5%
Amortization of unrecognized actuarial differences	10 years	10 years
Amortization of prior service costs	10 years	10 years

9. Gain (loss) on disposal of noncurrent assets

(1) Gain on disposal of noncurrent assets includes the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Buildings and structures	¥–	¥10	$109
Machinery, equipment, vehicles, tools, furniture and fixtures	8	6	73
Land	–	0	0
Long-term deposits	11	4	49
Total	¥20	¥21	$232

(2) Loss on disposal of noncurrent assets includes the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Buildings and structures	¥15	¥29	$317
Machinery, equipment, vehicles, tools, furniture and fixtures	18	6	64
Land	10	–	–
Long-term deposits	1	0	0
Other	6	2	27
Total	¥52	¥38	$409

10. Leases

(The non-transfer-ownership finance lease as lessee which entered into a contract on and before March 31, 2008.)
The following pro forma amounts represent the acquisition costs, (including the interest portion thereon) accumulated depreciation and net book value of the leased assets as of March 31, 2010 and 2009, which would have been reflected in the consolidated balance sheets if these leased assets are capitalized:

March 31, 2009		Millions of yen	
	Acquisition cost	Accumulated depreciation	Net book value
Tools and furniture	¥239	¥179	¥59
Machinery	336	137	199
Other	55	40	15
Total	¥632	¥357	¥274

March 31, 2010		Millions of yen		Thousands of U.S. dollars
	Acquisition cost	Accumulated depreciation	Net book value	Net book value
Tools and furniture	¥103	¥70	¥33	$358
Machinery	304	151	153	1,648
Other	78	51	27	290
Total	¥486	¥273	¥213	$2,297

The amount of outstanding future lease payments (including the interest portion thereon) as of March 31, 2010 and 2009 for the finance leases accounted for in the same manner as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Due within one year	¥78	¥73	$790
Due over one year	196	140	1,507
Total	¥274	¥213	$2,297

Total lease payments are ¥87 million (US$937 thousand) and ¥149 million for the years ended March 31, 2010 and 2009, respectively.
Pro forma depreciation expenses computed using the straight-line method are ¥87 million (US$937 thousand) and ¥149 million for the years ended March 31, 2010 and 2009, respectively.

The amount of outstanding future lease payments under non-cancelable operating leases as of March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Due within one year	¥106	¥105	$1,136
Due over one year	143	85	921
Total	¥249	¥191	$2,058

11. Selling, general and administrative expenses

(1) Selling, general and administrative expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Compensations to directors and corporate auditors	¥645	¥713	$7,670
Salaries and wages	6,291	5,690	61,163
Provision for directors' bonuses	45	37	403
Retirement benefit expenses	564	793	8,523
Provision for directors' retirement benefits	29	24	265
Communication and transportation expenses	1,292	953	10,247
Provision for allowance for doubtful accounts	668	108	1,167
Rents	1,042	1,038	11,161
Depreciation	712	786	8,458
Amount written off of consolidated goodwill	108	–	–
Other	5,044	3,699	39,767
Total	¥16,446	¥13,847	$148,829

(2) Research and development expense

Research and development expense included in selling, general and administrative expenses was ¥668 million (US$7,184 thousand) and ¥829 million for the years ended March 31, 2010 and 2009, respectively.

12. Income taxes

The statutory effective tax rate used for calculating deferred tax assets and liabilities for the years ended March 31, 2010 and 2009 was 40.69%. The significant components of deferred tax assets and liabilities of at March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deferred tax assets:			
Allowance for doubtful accounts	¥216	**¥254**	**$2,735**
Provision for loss on construction contracts	335	**427**	**4,590**
Provision for retirement benefits	1,194	**1,237**	**13,305**
Employee pension trust, investment securities	278	**288**	**3,104**
Provision for directors' retirement benefits	68	**83**	**895**
Accrued enterprise taxes	101	**23**	**256**
Accrued bonuses	671	**396**	**4,259**
Costs on uncompleted construction contracts	215	**203**	**2,186**
Valuation of investment securities	337	**332**	**3,572**
Write-down of golf club memberships	155	**129**	**1,394**
Valuation difference on available-for-sale securities	278	**100**	**1,083**
Deficit carried forward	419	**411**	**4,420**
Foreign tax credit carried forward	135	**173**	**1,863**
Other	901	**381**	**4,098**
Sub total	5,310	**4,444**	**47,766**
Valuation allowance	(1,647)	**(1,412)**	**(15,176)**
Total deferred tax assets	3,663	**3,032**	**32,590**
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(1,324)	**(2,633)**	**(28,300)**
Reserve for reduction entry of noncurrent assets	(13)	**(9)**	**(102)**
Retained earnings of consolidated foreign subsidiaries	(941)	**(466)**	**(5,017)**
Other	(39)	**(29)**	**(315)**
Total deferred tax liabilities	(2,317)	**(3,138)**	**(33,737)**
Net deferred tax assets(or liabilities)	¥1,345	**¥(106)**	**$(1,147)**

The reconciliation between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting as of March 31, 2009 and 2010 is as follows:

	2009	2010
Statutory effective tax rate	40.69%	**40.69%**
Adjustments for:		
Permanent differences:		
Entertainment expenses	2.07	**1.67**
Dividend income	(2.04)	**(2.48)**
Equalization of inhabitants taxes	1.29	**1.99**
Valuation allowance:		
Net operating losses carried forward	3.20	**(0.86)**
Foreign tax credit carried forward	2.71	**0.92**
Loss on valuation of investment securities	(3.10)	**(0.13)**
Write-down of golf club memberships	(1.29)	**(0.97)**
Other	3.66	**3.86**
Taxation on intercompany dividends	6.38	**2.30**
Lower income tax rates applicable to income in certain foreign countries	(6.07)	**(5.09)**
Special tax reduction	(0.80)	**(1.32)**
Indirect foreign tax credit	(2.19)	**(1.63)**
Retained earnings of consolidated foreign subsidiaries	(11.43)	**(12.21)**
Other	0.68	**0.54**
Actual effective tax rate after the application of tax effect accounting	33.76%	**27.28%**

13. Net assets and per share data

Under the Corporate Law of Japan (the "Law"), the lower of 50% of the proceeds from issuance of new shares, or of the par value thereof, is permitted to be transferred to the "Capital surplus" account. The Law provides that an amount equivalent to at least 10% of the cash dividends paid with respect to each fiscal period be appropriated to the earned reserve account in retained earnings until the legal reserve equals 25% of common stock. Under the Law, the Company is allowed to repurchase its own shares. Treasury stocks are stated at cost in net assets in the consolidated balance sheets.

In accordance with the Law, proposed appropriations of retained earnings have not been reflected in the financial statements at the end of each fiscal year. However, dividends per share shown in the consolidated statements of income have been presented on an accrual basis and include, in each fiscal year ended March 31, dividends approved after March 31, but applicable to the year then ended.

Net income per share is based on the weighted average number of common shares outstanding during each year. The Financial Instruments and Exchange Act in Japan requires the disclosure of net income per share adjusted for dilution (assuming full conversion of all convertible debentures of the Company outstanding with related reduction in interest expense and exercise of all warrants), if any. However, since no convertible bonds and warrants were issued by the Company, there is no dilutive effect on net income per share.

14. Contingent liabilities

Contingent liabilities as of March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Liabilities for guarantee to			
Taniyama Co., Ltd.	¥20	**–**	**–**
Employees	46	**42**	**461**
Total	¥67	**¥42**	**$461**

For efficient procurement of the operating funds, the Company has lending commitment contracts with four dealings banks. Lending commitment amounts are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Total amount of lending commitment	¥5,000	**¥5,000**	**$53,740**
Borrowing execution balance	–	**–**	**–**
Net Amount	¥5,000	**¥5,000**	**$53,740**

Notes receivable endorsed for transfer amount is as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Notes endorsed	¥17	**¥35**	**$377**
Net Amount	¥17	**¥35**	**$377**

15. Segment information

Segment information by industry, geographic area and overseas sales of the Company and its consolidated subsidiaries for the years ended March 31, 2010 and 2009 is as follows:

(1) Industry segments

As the Company and its consolidated subsidiaries operate as one equipment construction industry segment, information by industry segment is not presented.

(2) Geographical segments

Segment information by geographic area for the years ended March 31, 2010 and 2009 is summarized as follows:

	Millions of yen							
	2009							
	Japan	North America	Southeast Asia	East Asia	Other areas	Total	Eliminations/Corporate	Consolidated
Sales to customers	¥105,123	¥13,833	¥34,004	¥9,178	¥5,166	¥167,306	–	¥167,306
Intersegment sales	2,890	15	108	188	54	3,256	(3,256)	–
Total sales	108,013	13,849	34,112	9,367	5,221	170,563	(3,256)	167,306
Operating expenses	104,739	14,037	32,295	8,788	5,287	165,149	(3,695)	161,454
Operating income (loss)	3,273	(188)	1,817	578	(66)	5,414	438	5,852
Assets	¥99,400	¥5,303	¥12,368	¥5,234	¥3,595	¥125,902	¥(6,418)	¥119,483

Notes: 1. The classification of country and geographical segment is made according to geographical distances.
2. Major countries/ regions outside Japan (1) North America...United States, Canada (2) Southeast Asia..Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam (3) East Asia...China, Taiwan, Korea (4) Other areas...United Kingdom, India
3. Effective from the year ended March 31, 2009, the Company applied "the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No.18 issued on May 17, 2006 by the Accounting Standards Board of Japan). As a result of the application of this standard, operating expenses in Southeast Asia decreased by ¥227 million, operating income in same area increased by ¥227 million. Operating expenses in East Asia increased by ¥64 million, operating income in same area decreased by ¥64 million.

	Millions of yen							
	2010							
	Japan	North America	Southeast Asia	East Asia	Other areas	Total	Eliminations/Corporate	Consolidated
Sales to customers	¥77,785	¥10,256	¥18,964	¥7,337	¥2,890	¥117,234	–	¥117,234
Intersegment sales	1,108	17	34	89	26	1,276	(1,276)	–
Total sales	78,894	10,273	18,999	7,426	2,916	118,510	(1,276)	117,234
Operating expenses	77,540	9,994	18,550	6,816	2,843	115,745	(1,701)	114,044
Operating income (loss)	1,354	278	448	609	73	2,765	424	3,189
Assets	¥104,500	¥2,860	¥11,381	¥5,608	¥3,238	¥127,588	¥(5,693)	¥121,894

Notes: 1. The classification of country and geographical segment is made according to geographical distances.
2. Major countries/ regions outside Japan (1) North America...United States, Canada (2) Southeast Asia..Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam (3) East Asia...China, Taiwan, Korea (4) Other areas...United Kingdom, Russia, India
3. "Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Statement No.15 issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Guidance No. 18 issued on December 27, 2007) are applied from this accounting period. As a result of the application of these standards, sales in Japan increased by ¥14,393 million, and operating income in same area increased by ¥1,836 million.

	Thousands of U.S. dollars							
	2010							
	Japan	North America	Southeast Asia	East Asia	Other areas	Total	Eliminations/Corporate	Consolidated
Sales to customers	$836,048	$110,236	$203,830	$78,860	$31,063	$1,260,040	$–	$1,260,040
Intersegment sales	11,915	183	375	961	284	13,719	(13,719)	–
Total sales	847,964	110,420	204,205	79,821	31,348	1,273,760	(13,719)	1,260,040
Operating expenses	833,406	107,421	199,385	73,265	30,562	1,244,040	(18,283)	1,225,757
Operating income (loss)	14,557	2,998	4,820	6,555	786	29,719	4,563	34,282
Assets	$1,123,173	$30,742	$122,329	$60,278	$34,811	$1,371,334	$(61,198)	$1,310,135

(3) Overseas sales

Overseas sales, which consisted of export sales by the Company and its domestic consolidated subsidiaries and overseas sales of overseas consolidated subsidiaries, for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen				
	2009				
	North America	Southeast Asia	East Asia	Other areas	Total
Overseas sales	¥13,927	¥36,054	¥14,229	¥11,253	¥75,465
Consolidated sales					167,306
Ratio of overseas sales to consolidated sales (%)	8.3	21.6	8.5	6.7	45.1

Notes: 1. The classification of country and geographical segment is made according to geographical distances.
2. Major countries/regions outside Japan (1) North America...United States, Canada (2) Southeast Asia..Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam
(3) East Asia...China, Taiwan, Korea (4) Other areas...United Kingdom, India, Hungary, Brazil, Argentina

	Millions of yen				
	2010				
	North America	Southeast Asia	East Asia	Other areas	Total
Overseas sales	¥8,937	¥19,992	¥14,672	¥7,678	¥51,281
Consolidated sales					117,234
Ratio of overseas sales to consolidated sales (%)	7.6	17.1	12.5	6.5	43.7

Notes: 1. The classification of country and geographical segment is made according to geographical distances.
2. Major countries/regions outside Japan (1) North America...United States, Canada (2) Southeast Asia..Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam
(3) East Asia...China, Taiwan, Korea (4) Other areas...United Kingdom, India, France
(4) "Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Statement No.15 issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Guidance No. 18 issued on December 27, 2007) are applied from this accounting period. As a result of the application of these standards, sales in Southeast Asia increased by ¥35 million, sales in East Asia increased by ¥3,499 million and sales in other areas increased by ¥954 million.

	Thousands of U.S. dollars				
	2010				
	North America	Southeast Asia	East Asia	Other areas	Total
Overseas sales	$96,063	$214,882	$157,704	$82,528	$551,179
Consolidated sales					$1,260,040

16. Related party transactions

There are no material related party transactions for the years ended March 31, 2010 and 2009.

17. Obtaining control of subsidiary

During the year ended March 31, 2010, the Company acquired an additional interest of Taniyama Co., Ltd. ("Taniyama") which was a affiliate previously accounted for by the equity method. The Company has consolidated its accounts since June 30, 2009. A summary of the assets and liabilities of Taniyama was as follows:

Taniyama (as of June 30, 2009)	Millions of yen	Thousands of U.S. dollars
Current assets	¥860	$9,252
Noncurrent assets	802	8,628
Current liabilities	(571)	(6,139)
Noncurrent liabilities	(720)	(7,740)
Goodwill	(32)	(344)
Minority interest	(162)	(1,751)
Acquisition cost	177	1,907
Investments previously accounted for by the equity method	131	1,409
Acquisition cost newly acquired for the period	46	497
Cash and cash equivalents held by Taniyama	(92)	(997)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	¥(46)	$(499)

18. Subsequent events

(1) The following appropriations of retained earnings were approved at the shareholders' meeting held on June 29, 2010:

	Millions of yen	Thousands of U.S. dollars
Appropriations of retained earnings:		
Cash dividends paid	¥551	$5,928

19. Additional information

In the fiscal year, the Company decided a dividend policy for preference share in foreign subsidiaries. In accordance with the policy, equity percentage of some foreign subsidiaries is changed. As a result, net income increased by ¥987 million.

REPORT OF INDEPENDENT AUDITORS

Report of independent auditors

To the Board of Directors of Taikisha Ltd.,

We have audited the accompanying consolidated balance sheet of Taikisha Ltd. and its consolidated subsidiaries as of March 31, 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taikisha Ltd. and its consolidated subsidiaries as of March 31, 2010, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note2(2), Taikisha Ltd. and domestic subsidiaries have adopted "the Accounting Standard for Construction Contracts" and "The Guidance on Accounting Standard for Construction Contracts" from the fiscal year.

As described in Note19, in the fiscal year, Taikisha Ltd. decided a dividend policy for preference share in foreign subsidiaries. In accordance with the policy, equity percentage of some foreign subsidiaries is changed.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

A&A Partners

A&A Partners

Tokyo, Japan

June 29, 2010

CORPORATE DIRECTORY

(As of July 1, 2010)

Location of bases	Foundation
1 Taikisha Ltd. 25th Floor Shinjuku-Sumitomo Bldg., 2-6-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo, 163-0225, Japan Tel: 81-3-3344-1851 Fax: 81-3-3342-5590	1913
2 San Esu Industry Co., Ltd. 3-24 Ikaga Midori-machi, Hirakata-shi, Osaka, 573-0067, Japan Tel: 81-72-845-0128 Fax: 81-72-845-1660	1976
3 Nippon Noise Control Ltd. 7th Floor Lego Bldg., 2-22-8, Yanagibashi, Taito-ku, Tokyo, 111-0052, Japan Tel: 81-3-5822-3691 Fax: 81-3-5822-3692	1986
4 Tokyo Taikisha Service Ltd. 4th Floor Nishi-Shinjuku Sato Bldg., 7-9-16, Nishi-Shinjuku, Shinjuku-ku, Tokyo, 160-0023, Japan Tel: 81-3-5925-3575 Fax: 81-3-5925-3578	2000
5 Custom Ace Co., Ltd. 1-7-10, Shingashi, Itabashi-ku, Tokyo, 175-0081, Japan Tel: 81-3-3935-8843 Fax: 81-3-3932-0470	1989
6 Taniyama Co., Ltd. 18 Kitahatsusimacho, Amagasaki-shi, Hyogo, 660-0834, Japan Tel: 81-6-4868-3530 Fax: 81-6-4868-3672	1907

Location of bases	Foundation
7 TKS Industrial Company 901 Tower Drive, Suite 150, Troy, Michigan 48098-2817, U.S.A. Tel: 1-248-786-5000 Fax: 1-248-786-5001	1981
8 Taikisha Canada Inc. 901 Tower Drive, Suite 150, Troy, Michigan 48098-2817, U.S.A. Tel: 1-248-786-5000 Fax: 1-248-786-5001	1985
9 Taikisha de Mexico, S. A. de C.V. Homero No. 407, Piso 7, Col. Chapultepec Morales, 11570 Mexico D. F., Mexico Tel: 52-55-5203-2130, 2276 Fax: 52-55-5250-6178	1990
10 Taikisha do Brasil Ltda. Rua Apeninos, 930-Conj. 161-16 Andar Paraiso CEP 04104-020 S.P. Brasil Tel: 55-11-5572-5414 Fax: 55-11-5575-6125	1996
11 Taikisha (Singapore) Pte. Ltd. 151 Chin Swee Road, #01-46 Manhattan House, Singapore 169876 Tel: 65-6223-9928 Fax: 65-6223-9328	1985
12 Taikisha (Thailand) Co., Ltd. 6th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500, Thailand Tel: 66-2-236-8055 Fax: 66-2-236-3502	1971
13 Taikisha Trading (Thailand) Co., Ltd. 6th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500, Thailand Tel: 66-2-236-8055 Fax: 66-2-236-3502	1983
14 Thaiken Maintenance & Service Co., Ltd. 445 Moo 17, Thepharak Rd., T. Bangsaothong Sub District Bangsaothong Samutprakarn 10540, Thailand Tel: 66-2-705-8744 Fax: 66-2-705-8748	1990

Location of bases	Foundation
15 **Token Interior & Design Co., Ltd.** 9th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500, Thailand Tel: 66-2-236-9103 Fax: 66-2-236-0119	1986
16 **TKA Co., Ltd.** 445 Moo 17, Bangna-Trad Rd, Km. 23, Tambol Bangsaothong, Kingamphur Bangsaothong, Samutprakarn, 10540, Thailand Tel: 66-2-705-8363 Fax: 66-2-705-8993	1991
17 **Taikisha Engineering (M) Sdn.Bhd.** Suite 20.2, 20th Floor, Bangunan MAS, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia Tel: 60-3-2161-5711 Fax: 60-3-2161-9644	1989
18 **P.T. Taikisha Indonesia Engineering** 6th Floor, New Summitmas Bldg. Jl. Jend. Sudirman Kav. 61-62, Jakarta Selatan, 12190, Indonesia Tel: 62-21-522-6420 Fax: 62-21-520-2516	1990
19 **P.T. Taikisha Manufacturing Indonesia** Jl. Permata V Lot EE-5, Kawasan Industri KIIC, Karawang 41361, West-Java, Indonesia Tel: 62-21-8911-4831 Fax: 62-21-8911-4833	2004
20 **Taikisha Philippines Inc.** 5th Floor, Golden Rock Bldg., No.168 Salcedo St., Legaspi Village, Makati City, 1229, Philippines Tel: 63-2-818-1707 Fax: 63-2-816-1516	1995
21 **Taikisha Vietnam Engineering Inc.** Room 303, 3rd Floor, Thang Long Bldg., 105 Lang Ha St., Dong Da District, Hanoi, Vietnam Tel: 84-4-3562-2750 Fax: 84-4-3562-2751	1998
22 **Wuzhou Taikisha Engineering Co., Ltd.** #1110, Beijing Fortune Bldg., #5 Dong San Huan Bei Lu, Chaoyang District, Beijing 100004, China Tel: 86-10-6590-8251 Fax: 86-10-6590-8257	1994

Location of bases	Foundation
23 **Beijing Wuzhou Taikisha Equipment Co., Ltd.** #1110, Beijing Fortune Bldg., #5 Dong San Huan Bei Lu, Chaoyang District, Beijing 100004, China Tel: 86-10-6590-8251 Fax: 86-10-6590-8257	2002
24 **Taikisha (Taiwan) Ltd.** No. 337, Sec. 1, 4th Floor, Sheng Yang Bldg., Tung Hwa S. Rd., 10685 Taipei, Taiwan, R.O.C. Tel: 886-2-2706-4327 Fax: 886-2-2706-4328	1989
25 **Taikisha Korea Ltd.** #209, 14-11, Daeha Bldg., Yoido-Dong, Youngdeungpo-Gu, Seoul, 150-010, Korea Tel: 82-2-783-0270 Fax: 82-2-783-0274	1992
26 **Taikisha Europe Ltd.** 5th Floor, Delta View, 2309 Coventry Road, Sheldon, Birmingham B26 3PG, U.K. Tel: 44-121-700-1140 Fax: 44-121-742-4035	1989
27 **Taikisha Engineering India Ltd.** Plot No. 404, Udyog Vihar, Phase-IV, Gurgaon-122 001, Haryana, India Tel: 91-124-234-8246 Fax: 91-124-234-8247	1995
28 **"Taikisha (R)" LLC.** Office #213, str.2, d.19, Akademicheski proezd, 3-i, Kaluga, Russian Federation, 248033 Tel: 7-4842-221-180 Fax: 7-4842-221-180	2009
29 **Shanghai Dongbo-Taiki Conveyor System & Manufacturing Co., Ltd.** #1128 Pine City Hotel, #.8, Dong An Road, Xuhui Dist., Shanghai 200032 Tel: 86-21-6443-0780 Fax: 86-21-6443-9478	2002
30 **Tianjin Dongchun-Taiki Metal Finishing Conveyor System Manufacturing Co., Ltd.** Yang Cheng Zhuang Bridge Southwest Side, Jinghai County, Tianjin 301617 Tel: 86-22-6864-5848 Fax: 86-22-6864-5849	2004

CORPORATE INFORMATION

DIRECTORS and AUDITORS

1. Representative Director President
Eitaro Uenishi

2. Representative Director, Executive Vice President
Suguru Kimura

3. Representative Director, Executive Vice President
Satoru Kamiyama

4. Director, Executive Corporate Officer
Takashi Sakurai

5. Director, Managing Corporate Officer
Kiyoshi Hashimoto

6. Director, Managing Corporate Officer
Kouji Kato

7. Director, Managing Corporate Officer
Yusuke Oshida

8. Director, Managing Corporate Officer
Masashi Osada

9. Director
Takeshi Asahara

Corporate Auditor
Makoto Muneoka

Corporate Auditor
Mitsuru Sano

Corporate Auditor
Katsuzo Konishi

Corporate Auditor
Shuichi Murakami

Corporate Auditor
Yoshikatsu Nakajima

CORPORATE DATA

Corporate Name:	Taikisha Ltd.
Head Office:	25th Floor Shinjuku-Sumitomo Bldg., 2-6-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo, 163-0225, Japan Tel: 81-3-3344-1851 Fax: 81-3-3342-5590
Established:	April 10, 1913
Sales:	¥117,234 million (Consolidated: year ended March 2010)
Number of Employees:	3,671 (Consolidated:as of March 2010)

ISO Certification Obtained

ISO 9001

- » Green Technology System Division, Paint Finishing System Division
- » TKS Industrial Company
- » Wuzhou Taikisha Engineering Co., Ltd.
- » Taikisha Philippines Inc.
- » Taikisha (Thailand) Co., Ltd.
- » Taikisha Engineering (M) Sdn. Bhd.
- » Taikisha (Singapore) Pte. Ltd.
- » Taikisha Europe Ltd.
- » Taikisha (Taiwan) Ltd.
- » P.T. Taikisha Indonesia Engineering
- » Taikisha Engineering India Ltd.

ISO 14001

- » Green Technology System Division, Paint Finishing System Division
- » TKS Industrial Company
- » Taikisha (Thailand) Co., Ltd.
- » Taikisha Europe Ltd.

INVESTOR INFORMATION

(As of March 31, 2010)

HISTORY

1913 Kenzaisha (former name of Taikisha Ltd.) founded

1949 Joint stock company, Kenzaisha dissolved and Kenzaisha Co., Ltd. established

1971 N.J. Axivane Co., Ltd. established
Thai Kenzaisha Co., Ltd. established in Bangkok

1973 Company name changed to Taikisha Ltd.

1976 San Esu Industry Co., Ltd. established

1980 Shares listed on the First Section of the Tokyo Stock Exchange

1981 TKS Industrial Company established in U.S.A.

1983 Thai Kenzai Trading Co., Ltd. established in Bangkok

1985 Branch office opens in Singapore
Taikisha Canada Inc. established in Toronto

1986 Nippon Noise Control Ltd. established

1987 Taikisha España S.A. established in Madrid

1989 Taikisha (Taiwan) Ltd. established in Taipei
Custom-Ace Ltd. established
Taikisha Engineering (M) Sdn. Bhd. established in Kuala Lumpur, Malaysia
Taikisha UK Ltd. established in Birmingham,UK (former name of Taikisha Europe Ltd.)

1990 P.T. Taikisha Indonesia Engineering established in Jakarta
Taikisha de Mexico, S.A. de C.V. established in Mexico City

1992 Donki TEC Ltd. established in Seoul,Korea (former name of Taikisha Korea Ltd.)

1994 Wuzhou Taikisha Engineering Co., Ltd. established in Beijing, China

1995 Taikisha Engineering India Ltd. established in New Delhi
Taikisha Philippines Inc. established in Manila
Representative office opens in Ho Chi Minh City, Vietnam

1996 Taikisha do Brasil Ltda. established in São Paulo, Brazil

1997 Representative office opens in Hong Kong

1998 Taikisha Vietnam Engineering Inc. established in Hanoi

1999 Branch office of Taikisha Europe opens in France

2000 Tokyo Taikisha Service Ltd. established (formerly Atmos Service Ltd. established in 1987)
Taikisha Hong Kong Limited established

2001 Thai Kenzaisha Co. Ltd. renamed Taikisha (Thailand) Co., Ltd.
Thai Kenzai Trading Co., Ltd. renamed Taikisha Trading (Thailand) Co., Ltd.

2003 Company reorganized into three division structure

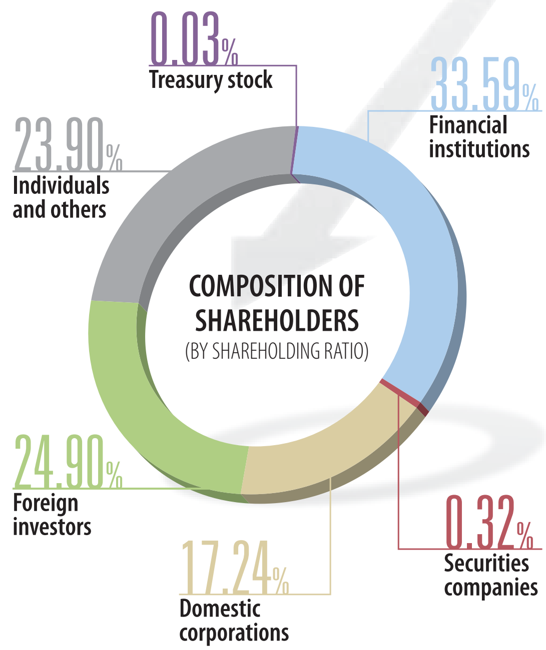
2004 Singapore branch office closed. Subsidiary Taikisha (Singapore) Pte. Ltd. established
R&D facilities integrated as Research and Development Center in Kanagawa prefecture
P.T. Taikisha Manufacturing Indonesia established

2006 Established the company-wide Compliance Committee and the Compliance Division

2007 Reorganized businesses into two division structure comprising the Green Technology System Division and the Paint Finishing Division

2009 Taniyama Co. Ltd. has become a subsidiary through additional acquisition of shares.
Established radiation related business alliance with Tokyo Nuclear Services Co., Ltd.
"Taikisha (R)" LLC established in Kaluga, Russia

Authorized number of shares	100,000,000
Issued number of shares	36,782,009
Number of shareholders	3,875



Major Shareholders (top10 companies and individuals)

Shareholder's Name	Ratio of shareholding: Number of share held (in thousands)	Ratio of shareholding: Ratio of shareholder voting rights (%)
Northern Trust Company (AVFC) Sub-account American Client	2,761	7.5
Kenzaisha Ltd.	2,000	5.4
Japan Trustee Services Bank, Ltd. (trust account)	1,799	4.8
National Federation of Agricultural Co-operative Associations (ZEN-NOH)	1,797	4.8
Keiji Uenishi	1,401	3.8
Nippon Life Insurance Company	1,202	3.2
Ruriko Uenishi	1,089	2.9
Taikisha Business Partners Shareholders' Association	1,002	2.7
Dai ni Kenzaisha Ltd.	1,000	2.7
The Master Trust Bank of Japan, Ltd. (trust account)	941	2.7

Note: In the number of shares held above, amounts are rounded down to the nearest 1,000 shares.

TAIKI-SHA

http://www.taikisha-group.com/

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