TAIKI-SHA

ANNUAL REPORT 2012

APR. 2011 - MAR. 2012

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.

Philosophy and Vision

Corporate Philosophy

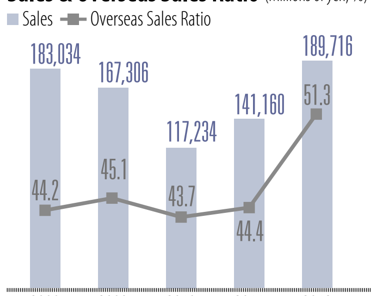
1. Establishing a company that can perpetually grow and contribute to the society

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.

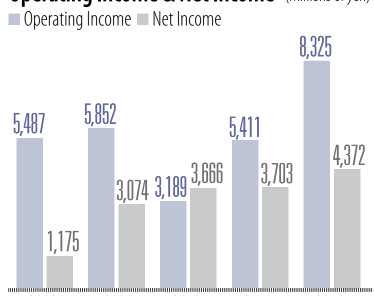
2) Make efforts to create an affluent environment and to advance industrial society, with an aim at making a contribution to society through technology that matches the needs of society.

Financial Highlights

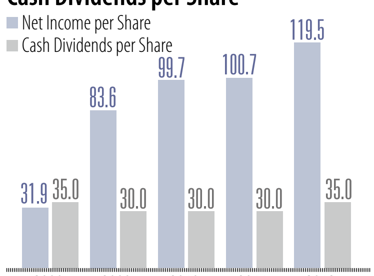
Sales & Overseas Sales Ratio (Millions of yen, %)



Operating Income & Net Income (Millions of yen)



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



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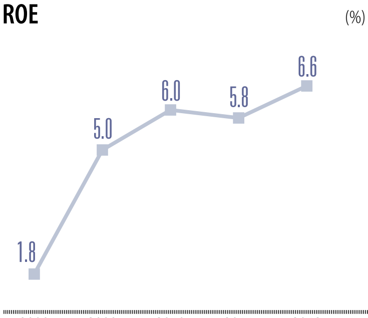
2. Creating an attractive company

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

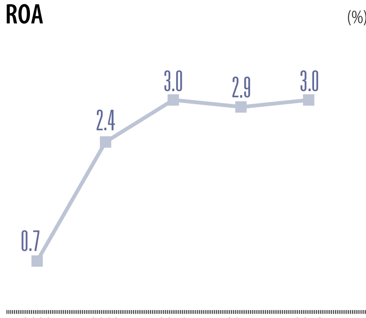
2) Aim at creating a company with an organization and corporate culture in which company goals will be achieved through the combined efforts of all employees under a spirit of mutual trust, cooperation, and rationality.

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".

ROE



ROA



CONTENTS

The Group will continue to make the most of its strong global network to increase its overseas sales and improve its operating results.

President Eitaro Uenishi explains that the Group is expanding operations in the global arena as a basis for growth in the emerging new era.

The global economy held steady during the fiscal year ended March 31, 2012 against the backdrop of robust growth in emerging economies such as China and an economic recovery in the United States.

Operating in this environment, we continued to pursue cost-reduction activities and to implement a wide range of measures, such as active development of overseas operations and entry into new fields, to achieve the business objectives presented in our Medium-Term Business Plan. Through these efforts, we succeeded ahead of schedule in the fiscal year ended March 31, 2012 in achieving our targeted levels for orders received, sales and net income for the fiscal year ending March 31, 2013, the final fiscal year of the Medium-Term Business Plan.

Looking to the future, we foresee gradual overall growth of the global economy, with the United States continuing on its path to economic recovery and sustained growth in emerging economies, in spite of such concerns as recurrence of the debt crisis in Europe, continuing high oil prices and inflationary pressures in emerging countries. Under these market conditions, we will respond steadily to customers' needs in our growing overseas market, making the most of our Group's strong global network.

In April 2013, thanks to the long-standing support of our stakeholders, the Group will celebrate the 100th anniversary of its start of business. As it enters its second century, the Group will strive to expand its operations on a global scale, pursuing further growth in the years to come by deploying its core environmental technologies associated with "energy, air, and water."

We sincerely ask your understanding of our management policies and your continued support and patronage as we move forward.

Eitaro Uenishi
President and Representative Director

Eitaro Uenishi

Q1 Would you please begin by summarizing your Group's results for the fiscal year ended March 2012?

Our consolidated financial results for the fiscal year ended March 2012 were quite positive. Our ongoing efforts to make the connection between overseas demand and orders received contributed to an expansion of consolidated orders received of 17.9% from the previous term to ¥195,268 million. Consolidated sales in the construction business increased by 34.4% from the year before to ¥189,716 million, primarily due to the completion of large-scale projects initiated in previous years on a completed-contract basis and an increase in orders received. In the area of profits, consolidated operating profit expanded by 53.8% from the previous term to ¥8,325 million, and consolidated net profit increased by 18.1% from the

Q2 You mentioned that the Group's ratio of overseas sales exceeded 50% for the first time during the period under review. Could you clarify the circumstances driving these overseas sales — by mentioning some of the countries contributing to the increase, for example? We would also like you to elucidate your strategies with respect to overseas operations.

Viewed in terms of overseas construction, key regions for overseas sales in the fiscal year ended March 2012 were Thailand with sales of ¥23,447 million, China with sales of ¥20,873 million and North America with sales of ¥11,074 million. I should note that the largest year-on-year increases occurred in North America (an increase of ¥9,158 million from the previous year) and Thailand (an increase of ¥7,598 million from the previous year).

Viewed in terms of operating segments, meanwhile, our Green Technology System Division leveraged the Group's strong overseas network to record highly satisfactory overseas sales in growth markets such as Thailand, China and Singapore. We have had a particularly positive response to our ability to participate in such large-scale governmental projects as Gardens by the Bay, a large botanical garden in Singapore. At the same time, our Paint Finishing System Division achieved growth in overseas sales with the recovery of plant-and-equipment investment by Japanese and locally capitalized motor vehicle manufactures in other countries. The Division also established global alliance with Geico S.p.A. in May 2011. Geico S.p.A. is an Italy-based group with subsidiaries in four countries, India, Brazil, China and Russia, that offers coating system technologies primarily to European motor vehicle manufactures.

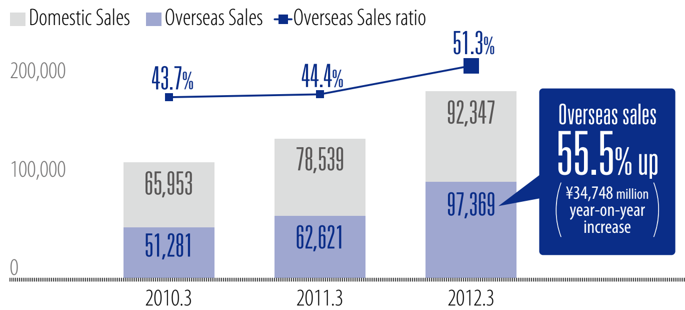
Going forward, the Group will continue to make the most of its strong global network to increase its overseas sales and improve its operating results through strategic promotion of its capabilities in countries and regions with high growth potential.

previous term to ¥4,372 million.

For the fiscal year ended March 2012, we placed a particular stress on business expansion in overseas markets. Our sales in overseas markets increased by ¥34,748 million from the previous term to ¥97,369 million as a result, and the ratio of overseas sales to consolidated sales rose to 51.3%. With this result, the ratio of overseas sales by the Group exceeded 50% for the first time since its establishment.

We anticipate that overseas plant-and-equipment investment by Japanese and locally capitalized manufacturers will remain favorable in the future, and we expect this to contribute positively to our Group's operating results.

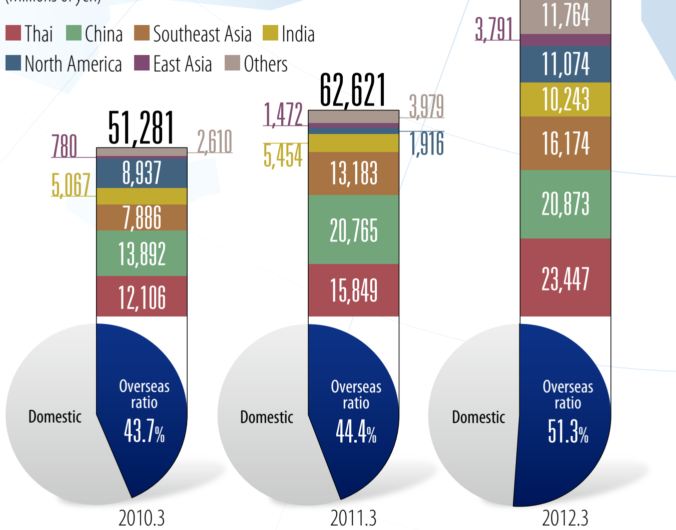
Transitions in Domestic Sales, Overseas Sales and the Overseas Sales Ratio (Millions of yen)



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

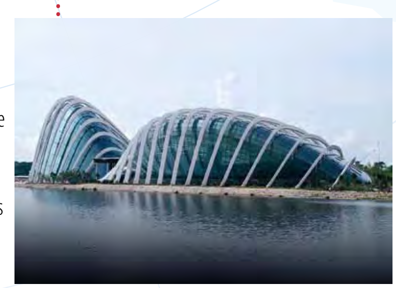
Taikisha Engineering India Ltd.

Transitions in Sales by Segment
(Millions of yen)



Major countries and regions: Southeast Asia: Indonesia, Singapore, Malaysia, the Philippines, and Vietnam / East Asia: Taiwan and Republic of Korea
North America: the United States. and Canada / Other areas: United Kingdom, Russia, France, South America, and others

Gardens by the Bay
This garden in Singapore's Marina Bay district is one of Singapore's largest development projects. The vast 54-hectare site includes two magnificent glass domes housing botanical gardens where vegetation from tropical mountain regions and Mediterranean environments is exhibited under regulated temperatures.



Q3 The current fiscal year to March 2013 has special significance as a milestone year, marking both the final year of the current Medium-Term Business Plan and the year leading up to the Group's centennial celebration. What policies and measures are you implementing in your key fields of operation during this special year?

During the fiscal year ending March 2013, we are continuing to pursue our commitments in three areas: responding to growth in overseas markets; focusing on energy-saving and eco-friendly technologies; and expanding our fields of operation.

We feel sure that many Japanese and other corporations will continue to make inroads into emerging economies and other foreign markets. Although doing business overseas involves competition with other companies operating in the regions concerned, we will acquire orders by capitalizing on our Group's ability to assure timely delivery of high value-added equipment as well as by leveraging our cost and quality advantages.

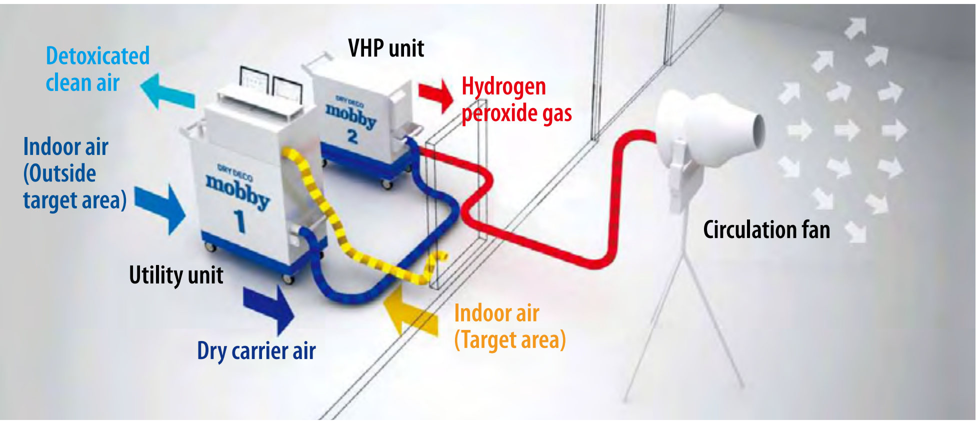
Awareness of the need to promote energy savings and realize a low carbon society has now spread throughout the world. Our Group will promote its technological development and sales capabilities with respect to energy-saving and environmental conservation technologies, as exemplified by device designs that reduce energy use and our high-efficiency exhaust gas treatment devices.

At the same time, we believe we would inevitably encounter limitations from the perspective of sustainable growth if we were to concentrate solely on expanding our existing businesses. While we recognize our current businesses as our primary concern, we will make continuous efforts to develop new businesses with a view to reinforcing these existing businesses and to expanding our fields of operation.

Q4 Could you provide some concrete examples of your commitment to entering new businesses?

Last year, we succeeded in developing a technology for stable, large-scale production of crisphead lettuce in a plant factory employing only artificial light and initiated sales of the plant factory system (overview on page 9). Our active pursuit of sales among customers such as food producers and members of the food services industry has led to many inquiries from private-sector companies, both in Japan and overseas. Here in Japan, moreover, both the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy, Trade and Industry have been considering a role for the plant factory business in the disaster recovery plans for areas impacted by the Great East Japan Earthquake. We expect this business to attain substantial growth.

Another new development completed last year was the Mobile HYPER DRYDECO, a portable hydrogen peroxide-based decontamination system that uses hydrogen peroxide for facility decontamination treatment. We are currently conducting sales activities targeting sterile product manufacturing facilities, animal testing facilities and virus/recombinant DNA experimental laboratories.



Q5

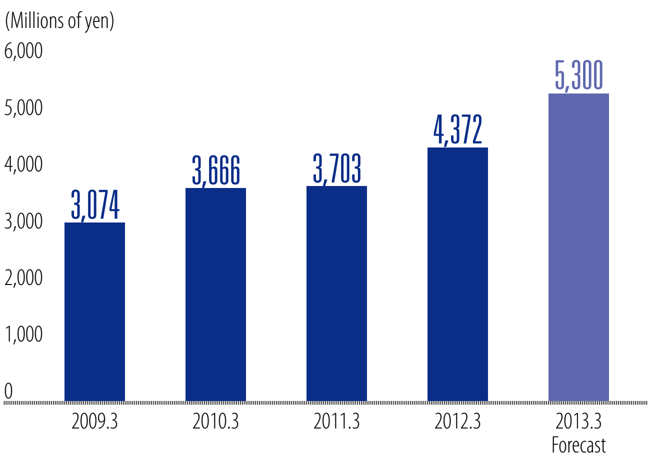
What is the Group's position with respect to shareholder dividends?

We view the return of profits to our shareholders through dividends as one of our most important responsibilities, and we distribute profits in accordance with our consolidated results as a basic policy.

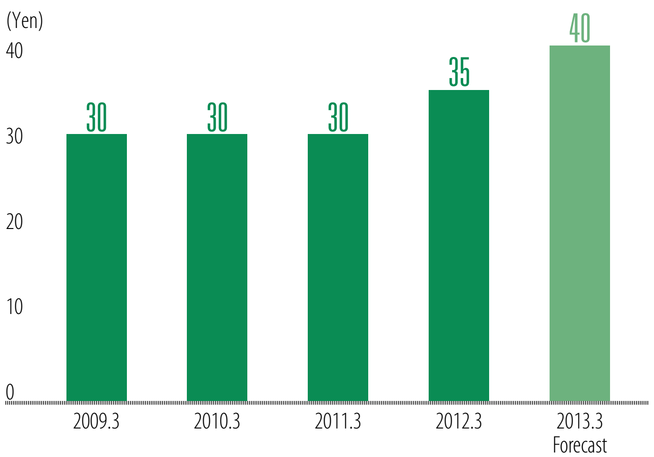
Our dividend per share for the fiscal year ended March 2012 increased by ¥5 to ¥35, an rise reflecting achievement of the profit levels targeted by the Mid-Term Management Plan for the period ending March 2013. We intend to pay a per-share dividend of ¥40 for the fiscal year ending March 2013, moreover, which includes a ¥5 commemorative dividend added to mark our centennial celebration of the Company's establishment in April 2013.

As concerns the acquisition of treasury stock, meanwhile, we acquired 300,000 shares of common stock in the fiscal year ended March 2012 to ensure the flexibility of our capital policy to respond to changes in the business environment.

Transitions in Net Income



Cash Dividends



The Company paid a performance-based dividend of ¥35 per share for the fiscal year ended March 2012.
It plans to raise the dividend to ¥40 per share for the fiscal year ending March 2013, including a ¥5 commemorative dividend in recognition of the centennial of the Company's establishment in April 2013.

Green Technology System Division

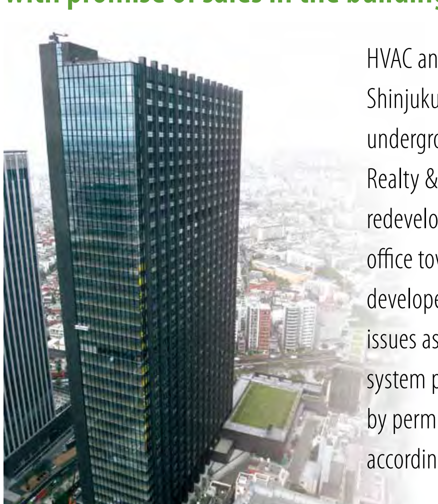
Business Overview / Business Report for the Fiscal Year Under Review

Green Technology System Division operates an Industrial HVAC business primarily for manufacturing facilities and a Building HVAC business for office buildings and commercial facilities, both in Japan and overseas. The Division is striving to achieve further enhancement of its eco-friendly businesses, such as its facility design business for reducing CO_2 emissions, its engineering business for improving production efficiency at plants and its solutions business for development and sales of high-efficiency exhaust treatment equipment.

Green Technology System Division recorded positive results for the fiscal year ended March 31, 2012. Orders received totaled ¥120,085 million (a 7.5% year-on-year increase) and sales totaled ¥127,176 million (a 23.3% year-on-year increase).

Case Examples

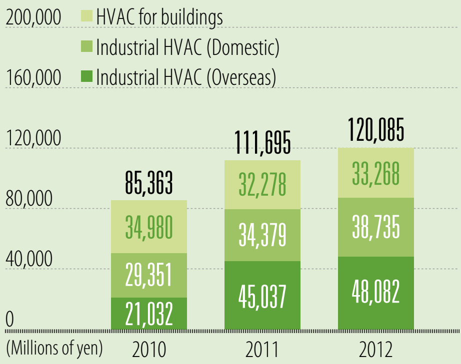
Environmentally friendly air-conditioning system with promise of sales in the building HVAC business



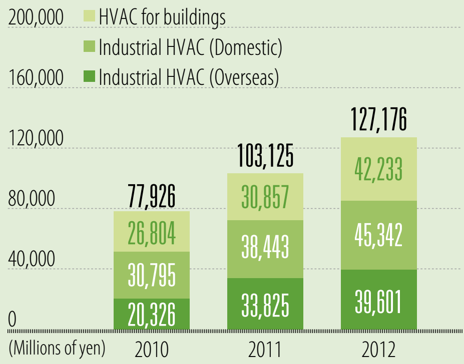
The Company was responsible for installation of the HVAC and sanitation facilities in the Sumitomo Fudosan Shinjuku Grand Tower (40 stories above ground and 3 underground) completed in September 2011 by Sumitomo Realty & Development Co., Ltd. Constructed as part of a redevelopment project in Nishi-Shinjuku, Tokyo, the new office tower features an electric air-conditioning system developed with consideration given to such environmental issues as low energy consumption and CO_2 emissions. The system provides a comfortable office environment primarily by permitting switching operation and temperature control according to subdivided zones on each floor.

Recent revisions of Japan's Energy Conservation Law and the Guideline for the Introduction of Energy Conservation and Renewable Energy for Tokyo Metropolitan Government Facilities require implementation of energy-use management and measures to reduce CO_2 emissions in Japanese buildings and facilities exceeding a certain scale. The office building HVAC business consequently anticipates growth in the volume of renewal construction conducted to install eco-friendly air-conditioning facilities that reduce CO_2 emissions in the near future. We will continue to present customers with proposals for energy conservation facilities in an effort to achieve steady progress in winning contracts to meet demand for renewal construction.

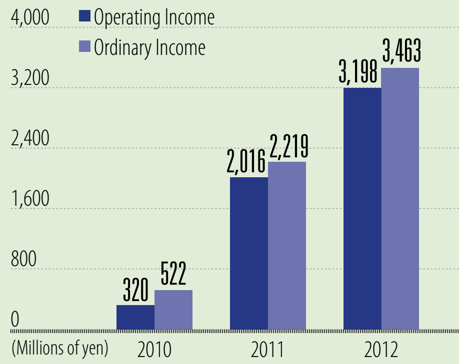
Orders Received by Segment



Sales by Segment



Operating Income / Ordinary Income by Segment



Development and sales of a plant factory system employing only artificial light

Among our new businesses, the Company has succeeded in developing a plant factory technology that employs an air-conditioning system and fluorescent lighting to conduct stable large-scale crisphead lettuce production. The Group began sales of the plant factory system under the name "Taiki Green Farm" in the current fiscal year. We also initiated a consulting business to provide guidance on cultivation and maintenance.

It had been considered impossible to produce large volumes of crisphead lettuce, the variety with the highest market demand, in a plant factory environment employing only artificial light. The Taiki Green Farm achieves large-scale production of crisphead lettuce, however, by adopting an air-conditioning system that prevents temperature irregularity on the cultivation shelves along with parabolic lighting reflectors that enhance irradiation efficiency. In addition to these accomplishments, it achieves a 75% reduction in electricity costs as compared with conventional plant factories. The technology is attracting widespread attention among such customers as food manufacturers and members of the food services industry.

We plan to pursue sales activities among both domestic and overseas customers in an effort to expand the plant factory business.

Paint Finishing System Division

Business Overview / Business Report for the Current Fiscal Year

Paint Finishing System Division operates automobile paint plant design and construction businesses with a primary focus on Japanese and overseas automobile manufacturers. Its operations comprise a total engineering-oriented business that is concerned not only with enhancing automobile painting and paint transfer efficiency, but also with developing technologies for reducing CO_2 emissions and organic solvent gas (VOC) exhaust from paint plants. The Division is justifiably proud of its world leadership in terms of both technological capabilities and market share.

Paint Finishing System Division recorded strong results for the fiscal year ended March 31, 2012. Orders received totaled ¥75,182 million (a 39.4% year-on-year increase) and sales totaled ¥62,540 million (a 64.4% year-on-year increase).

Case Examples

RUSSIA

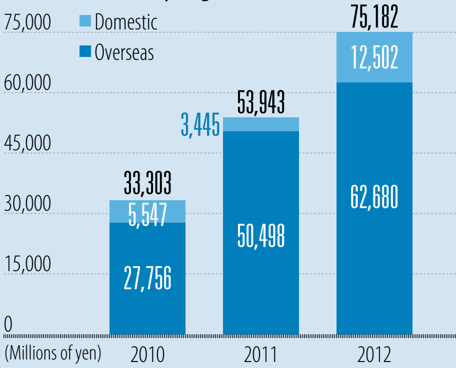
Completion of a large-scale plant project in Russia

The Company completed construction of a new painting equipment plant in Russia in February 2012 for LLC "PCMA Rus," a joint venture between PSA Peugeot Citroën and Mitsubishi Motors Corporation.

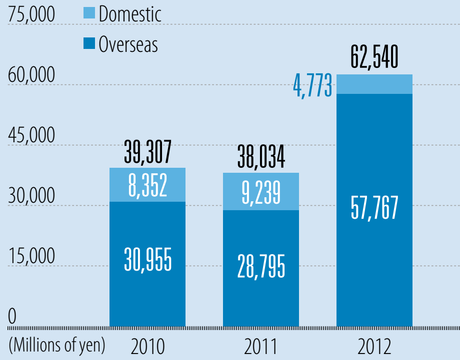
This was our first large-scale project conducted for LLC "PCMA Rus," and it reinforced the high evaluation of our project execution capabilities earned through our past orders received and construction results in the European region.

With Russia expected to attain high growth over the medium to long term, various international automakers, including Japanese, European and U.S. manufacturers, have advanced into the market. We intend to maintain our active efforts to achieve business expansion in Russia, while also continuing to promote business development in other emerging countries, such as China and India, where ongoing growth is anticipated.

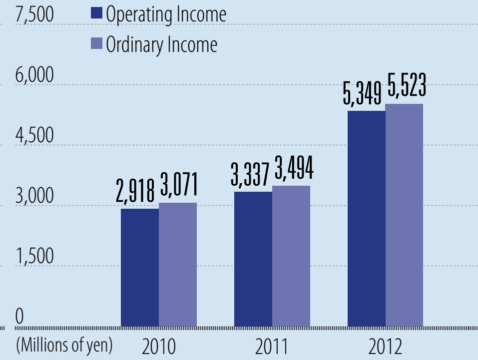
Orders Received by Segment

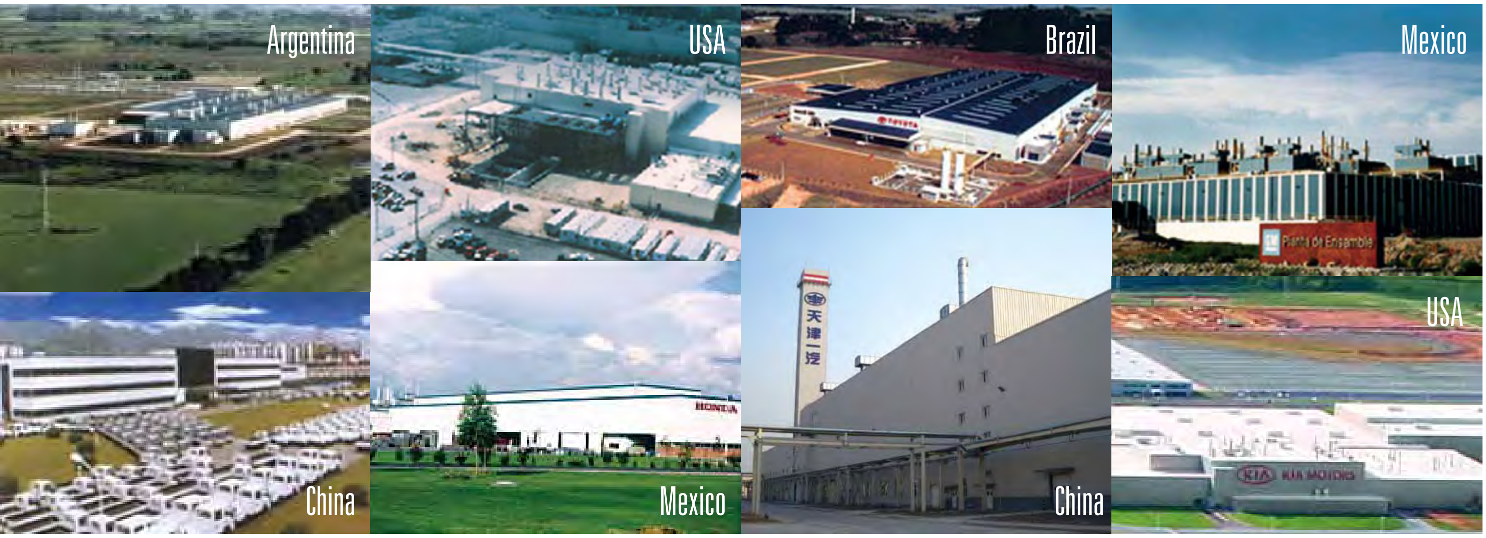


Sales by Segment



Operating Income / Ordinary Income by Segment





High-volume discharge painting machine (graphic image)

Environmental burden reduction through high-volume discharge painting machine development

The coating lines we supply for vehicle manufacturing plants have normally involved installing dozens of robots equipped with spray tips and automating nearly 100% of the painting job.

The Company has recently developed a high-volume discharge painting machine that enables a significant increase in the quantity of paint sprayed and greatly improves the spraying capacity of each individual robot. This has resulted in considerable space savings by reducing the number of robots installed in paint booths by approximately 25 to 50%, a development leading to a significant reduction in electric power demand (CO_2 emissions) for purposes such as air conditioning.

The newly developed painting machine has improved paint transfer and painting efficiency, moreover, because it has the ability to change paint discharge patterns at will, depending on the surface to be painted. It can discharge a narrow paint spray creating a small paint pattern for narrow surfaces, for instance, or a widely dispersed paint spray creating a large paint pattern for broad surfaces.

We will continue to respond to today's pressing need for environmental burden reduction by striving to develop new painting technologies, and to increase the number of orders received for these technologies as a consequence.

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

Introduction of world's first heat pump for an automobile painting booth's air-conditioning system

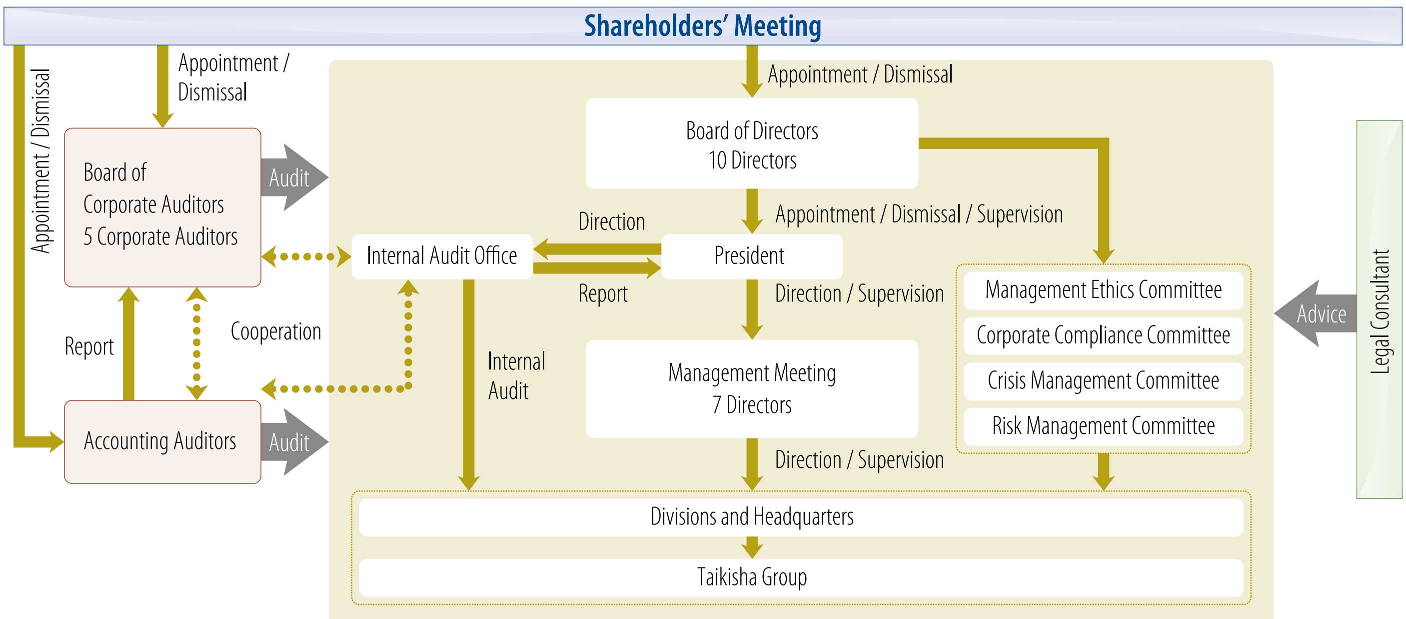
In a successful collaboration with Hino Motors, Ltd. and Tokyo Electric Power Company, Inc., the Company became the first in the world to install a heat pump in an automobile painting booth's air-conditioning system at Hino Motors' Hamura Plant. The heat pump is a technology that transfers thermal energy from areas with lower temperatures to areas with higher temperatures through repeated compression and expansion of the refrigerant used to convey the heat (Figure 1). It enables production of a large volume of thermal energy with a small volume of input energy.

By sharing knowledge concerning their automotive painting technologies, paint plant design and efficient energy

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.

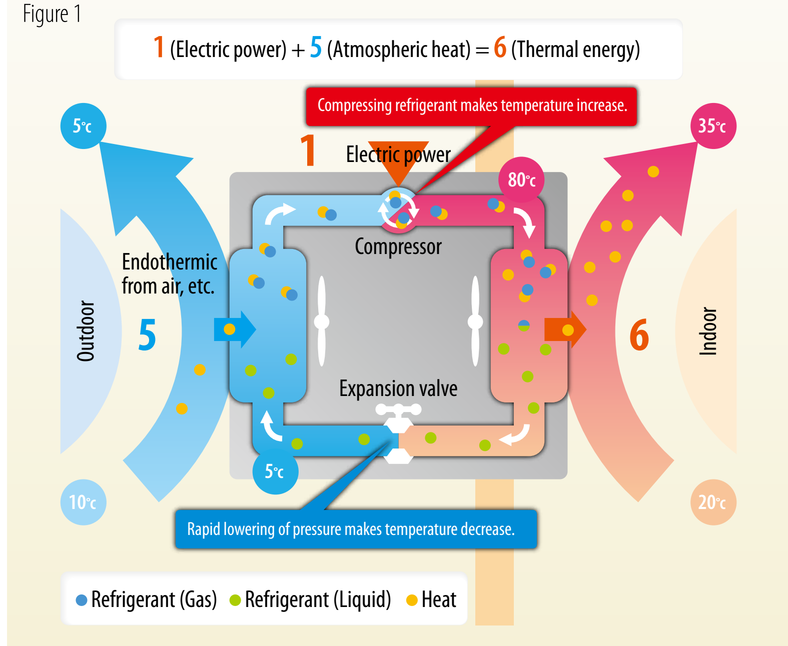
Conceptual Diagram of Corporate Governance



use know-how, the three companies succeeded in introducing a highly efficient heat pump that extracts cold heat and hot heat simultaneously into the automobile paint booth. The heat pump's introduction realized a system that substantially reduces energy consumption, while satisfying the administratively mandated values for temperature and humidity.

The Company earned particular appreciation from Hino Motors for enabling it to achieve an annual 61% reduction in CO_2 emissions and 64% reduction in operating costs as compared with conventional systems. We are encouraging more plants to introduce the new heat pump, which we expect to contribute to increasing our orders received.

Figure 1



MANAGEMENT'S DISCUSSION AND ANALYSIS

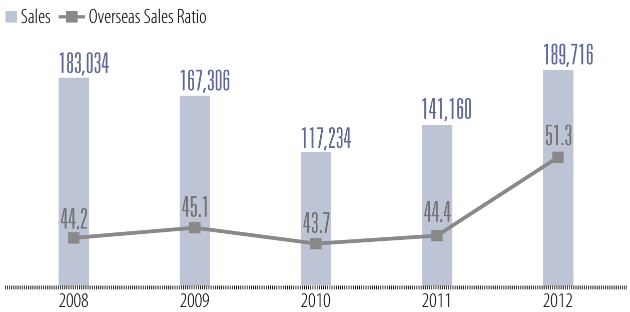
FIVE-YEAR SUMMARY : Taikisha Ltd. and its Consolidated Subsidiaries for the years ended March 31, 2008 to 2012

	Millions of yen (except per share amounts)					Thousands of U.S. dollars
CONSOLIDATED	2008	2009	2010	2011	**2012**	**2012**
Orders received:	¥186,568	¥164,738	¥118,667	¥165,638	**¥195,268**	**$2,377,266**
Green Technology System Division						
Environmental facilities(HVAC for building)	27,517	36,053	34,980	32,278	**33,268**	**405,018**
Industrial facilities(industrial HVAC)	92,566	77,124	50,383	79,416	**86,817**	**1,056,948**
Paint Finishing System Division	66,483	51,560	33,303	53,943	**75,182**	**915,300**
Sales:	¥183,034	¥167,306	¥117,234	¥141,160	**¥189,716**	**$2,309,678**
Green Technology System Division						
Environmental facilities(HVAC for building)	40,535	24,611	26,804	30,857	**42,233**	**514,165**
Industrial facilities(industrial HVAC)	83,118	83,247	51,121	72,268	**84,943**	**1,034,130**
Paint Finishing System Division	59,380	59,447	39,307	38,034	**62,540**	**761,384**
Net income	1,175	3,074	3,666	3,703	**4,372**	**53,232**
Comprehensive income	–	–	–	2,261	**4,255**	**51,810**
Total assets	¥142,024	¥119,483	¥121,894	¥132,698	**¥156,108**	**$1,900,522**
Total net assets	67,379	61,441	66,263	66,978	**69,602**	**847,362**
Equity ratio (%)	44.6	48.9	52.3	48.8	**42.9**	**—**
Return on equity (%)	1.8	5.0	6.0	5.8	**6.6**	**—**
Net income per share	¥31.97	¥83.60	¥99.73	¥100.73	**¥119.52**	**$1.46**
Cash dividends per share	35.00	30.00	30.00	30.00	**35.00**	**$0.43**
Net assets per share	1,723.67	1,590.08	1,734.49	1,762.28	**1,834.99**	**$22.34**

NON-CONSOLIDATED						
Orders received:	¥112,217	¥110,898	¥78,272	¥84,349	**¥102,248**	**$1,244,814**
Green Technology System Division						
Environmental facilities(HVAC for building)	26,149	34,722	33,994	30,950	**31,736**	**386,365**
Industrial facilities(industrial HVAC)	54,826	49,331	29,246	34,695	**38,305**	**466,350**
Paint Finishing System Division	31,241	26,843	15,032	18,703	**32,206**	**392,099**
Sales:	¥115,475	¥104,721	¥75,971	¥89,763	**¥109,205**	**$1,329,502**
Green Technology System Division						
Environmental facilities(HVAC for building)	39,199	23,434	25,786	29,557	**40,947**	**498,513**
Industrial facilities(industrial HVAC)	47,707	53,385	30,956	38,553	**45,091**	**548,958**
Paint Finishing System Division	28,567	27,901	19,228	21,651	**23,166**	**282,031**

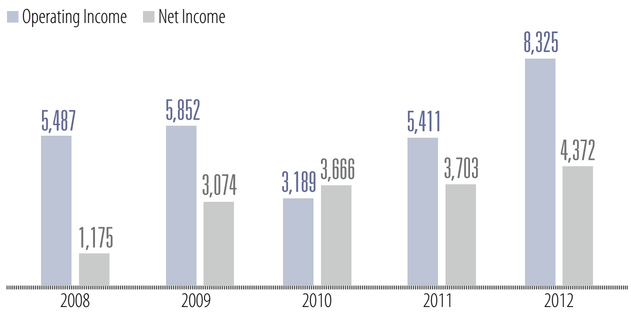
Sales & Overseas Sales Ratio

(Millions of yen, %)



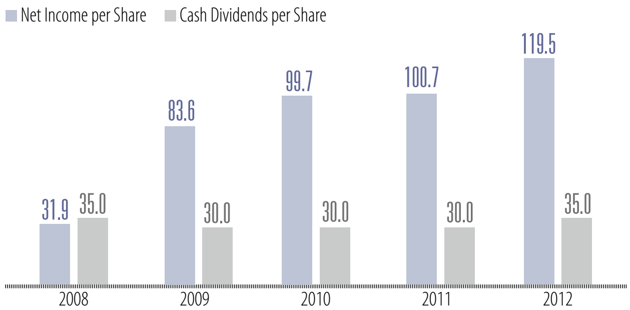
Operating Income & Net Income

(Millions of yen)



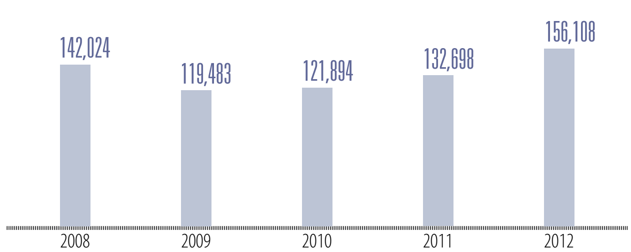
Net Income per Share & Cash Dividends per Share

(¥)



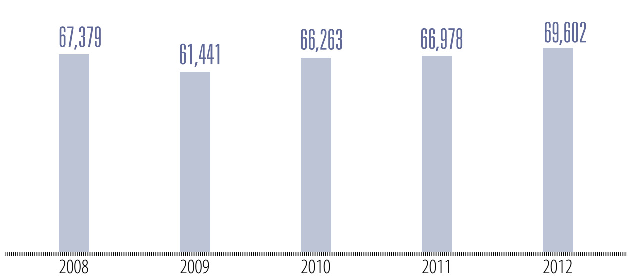
Total Assets

(Millions of yen)



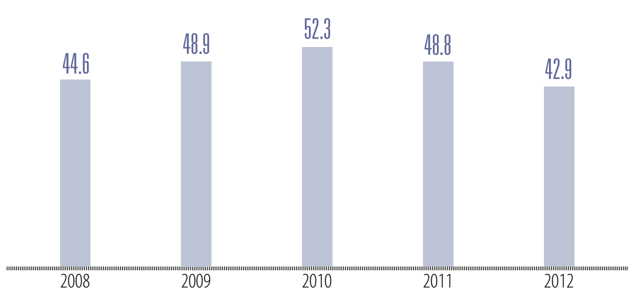
Total Net Assets

(Millions of yen)



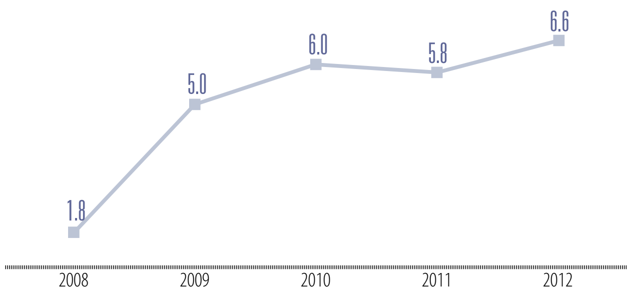
Equity Ratio

(%)



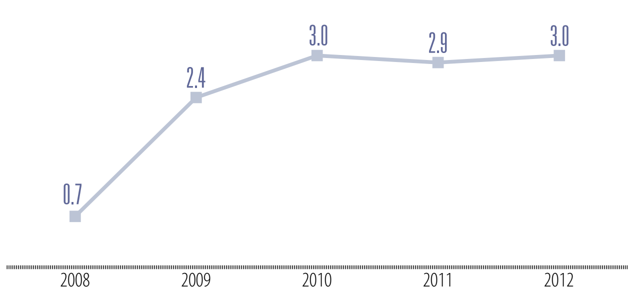
ROE

(%)



ROA

(%)



RESULTS OF OPERATIONS (OVERVIEW)

The results for the fiscal year ended March 31, 2012

Earnings Overview

The world economy gradually recovered based on economic growth in developing countries including China and recovery in US. In Japan, supply chain of some products has recovered from damage of the great east Japan earthquake and it led gradual recovery of production and consumption.

In this situation, Taikisha Ltd.(the "Company") has executed new mid-term business plan. For accomplishing this plan, the Company worked on various measures, for example active overseas expansion and finding new business area. Besides, external environment has also turned to recover for example private capital investment has recovered from damage of Lehman shock. As a result, orders received increased both overseas and domestic market on both Green Technology System business and Paint Finishing System business, consolidated orders received increased 17.9% year-on-year to ¥195,268 million.

Consolidated sales increased 34.4% year-on-year to ¥189,716 million because order received increased and large project that its sales was recognized in completed-contract method was completed.

Though gross profit ratio decreased 1.1 % year-on-year to 13.0 %, gross profit increased ¥4,788 million year-on-year to ¥24,660 million because sales increased year-on-year to ¥48,556 million.

Selling, general and administrative expenses totaled ¥16,335 million, increased ¥1,875 million year-on-year because employees' salaries and operating activities expenses increased.

As a result, operating income increased ¥2,914 million year-on-year to ¥8,325 million, ordinary income increased ¥2,867 million year-on-year to ¥9,033 million, and net income increased ¥669 million year-on-year to ¥4,372 million.

Green Technology System

Consolidated orders received in Green Technology System Division increased because of demand for restoration from great east Japan earthquake and demand in Southeast Asia. Consolidated sales in Green Technology System Division also increased because order received increased and large project that its sales was recognized in completed-contract method was completed in the second quarter. As a result, orders received increased 7.5% year-on-year to ¥120,085 million.

Consolidated orders received for building HVAC increased 3.1% year-on-year to ¥33,268 million and for industrial HVAC increased 9.3% year-on-year to ¥86,817 million. Consolidated sales increased 23.3% year-on-year to ¥127,180 million. Sales for building HVAC increased 36.9% year-on-year to ¥42,233 million, and sales for industrial HVAC increased 17.5% year-on-year to ¥84,946 million. Ordinary income increased ¥1,244 million year-on-year to ¥3,463 million.

Paint Finishing System

Consolidated orders received in Paint Finishing System Division increased. The principal factors were orders received from domestic and foreign automobile manufacturers in China, Thailand and India and Geico S.p.A. had become consolidated subsidiary in May, 2011. Sales increased because sales in North America, China and India etc. increased and Geico S.p.A. had become consolidated subsidiary.

As a result, orders received increased 39.4% year-on-year to ¥75,182 million, sales increased 64.2% to ¥62,576 million. Ordinary profit increased ¥2,029 million year-on-year to ¥5,523 million.

Financial Condition

Assets

As of March 31, 2012, current assets increased 21.0% year-on-year to ¥126,155 million. The principal factors were ¥23,043 million increase in notes receivable, accounts receivable from completed construction contracts and other, whereas short-term investment securities decreased ¥446 million and costs on uncompleted construction contracts decreased ¥1,880 million. The principal factors of increase in notes receivable, accounts receivable from completed construction contracts and other were that Geico S.p.A. and its four group companies had become consolidated subsidiaries and sales increased.

Noncurrent assets increased 5.4% year-on-year to ¥29,953 million because property, plant and equipment increased ¥393 million and goodwill increased ¥2,152 million whereas investment securities decreased ¥678 million.

As a result, total assets increased 17.6% year-on-year to ¥156,108 million.

Liabilities

As of March 31, 2012, current liabilities increased 33.6% year-on-year to ¥81,050 million. The principal factors were ¥14,224 million increase in notes payable, accounts payable for construction contracts and other, ¥1,462 million increase in short-term loans payable and ¥3,524 million increase in advance received on uncompleted construction contracts whereas income taxes payable decreased

Indicators of consolidated financial position are as follows:

(Years ended March 31)

	2008	2009	2010	2011	**2012**
Equity ratio (%)	44.6	48.9	52.3	48.8	**42.9**
Equity ratio on market value basis (%)	30.8	32.3	45.5	43.8	**39.7**
Debt to cash flow ratio (%)	7.1	110.0	198.8	58.1	**287.7**
Interest coverage ratio (Times)	197.2	12.7	15.9	62.7	**7.9**

Notes: 1. All indicators are calculated using consolidated formulas according to the standards below:
*Equity ratio: Shareholders' equity and Accumulated other comprehensive income/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, Taikisha group uses net cash provided by operating activities in the consolidated statements of cash flows.
4. Interest-bearing debt includes all debt recorded on the consolidated balance sheets on which Taikisha group pays interest.
5. For interest expenses, Taikisha group uses the amount of interest expenses paid as shown on the consolidated statements of cash flows.

¥1,948 million.

The principal factors of increase in notes payable, accounts payable for construction contracts and other, short-term loans payable and advance received on uncompleted construction contracts were that Geico S.p.A. and its four group companies had become consolidated subsidiaries and sales and construction carried forward increased.

Noncurrent liabilities increased 7.8% year-on-year to ¥5,455 million.

As a result, total liabilities increased 31.6% year-on-year to ¥86,506 million.

Net Assets

As of March 31, 2012, total net assets increased 3.9% year-on-year to ¥69,602 million. The principal factors were ¥3,273 million increase in retained earnings and ¥368 million increase in valuation difference on available-for-sale securities whereas foreign currency translation adjustment decreased ¥1,074 million.

Cash Flows

As of March 31, 2012, cash and cash equivalents decreased ¥1,408 million year-on-year to ¥24,627 million. (It was ¥26,035 million in the previous year.)

Cash provided by (used in) operating activities

In spite of decrease by increase in notes and accounts receivable-trade and increase in income taxes paid, ¥1,812 million net cash was provided by operating activities. (¥5,869 million net cash was provided by in the previous year.) The principal factors were income before income taxes and minority interests and increase in notes and accounts payable-trade.

Cash provided by (used in) investing activities

In spite of increase in redemption of short-term investment securities, ¥2,336 million net cash was used in investment activities. (¥5,838 million net cash was used in in the previous year.) The principal factors were purchase of investment securities and purchase of investments in subsidiaries resulting in change in scope of consolidation for Geico S.p.A.

Cash provided by (used in) financing activities

In spite of net increase in short-term loans payable in overseas subsidiaries, ¥361 million net cash was used in from financing activities. (¥92 million net cash was provided by in the previous year.) The principal factors were net increase in treasury stocks and payment for cash dividends paid etc.

Business Risks

Risk factors that investors should consider before making any decision concerning Taikisha Group were noted below. Forward-looking statements in this section are based on judgments made as of March 31, 2012.

Changes in Private Capital Investment

Because of the economic situation changes, cancellation or postponement of clients' investment plans could affect Taikisha Group's business results.

Overseas Business Risk

Unforeseen changes in legal regulation and political instability and other factors in overseas where Taikisha Group operates could affect business results.

Taikisha Group makes forward foreign exchange contracts and other instruments to hedge currency risks as much as possible in the payments and collections for the foreign currency construction contracts. However, changes of exchange rate still could affect Taikisha Group's business results.

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

Construction Defect Liabilities

Taikisha Group makes warranty contracts with customers guaranteeing construction against defects for fixed period of time after completion of construction. Taikisha Group allocates a provision for warranties for completed construction to cover repair costs based on past expenses. However, these costs still could potentially exceed the balance of the reserve.

Accounts Receivable Collection Risk

Taikisha Group manages customer credit. However, accounts receivable may become uncollectable due to factors such as customer insolvency, which could affect Taikisha Group's business results.

Risk Regarding Severe Price Competition

The construction business is in highly competitive situation. This situation could affect Taikisha Group's business results due to the provision for loss on construction contracts.

Changes in Material Prices

A sharp rise in material prices could affect business results if Taikisha Group is unable to reflect the sharp rise to contract price.

Asset Possession Risk

Taikisha Group owns real estates, securities and other assets. Changes in market value of these assets could affect Taikisha Group's business results.

Risk Regarding Retirement Benefit Plan

Downside of pension assets' market value, changes 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.

Taikisha Group established the crisis management system. However, if massive and widespread disaster happens, it could damage not only Taikisha Group's property and personnel, but also clients' operating activities and consequently economic condition. These situation, if continue for a long time, 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 bad results such as restriction on Taikisha Group's business activities, which could affect Taikisha Group's business results.

Subsidiaries and affiliates

Taikisha Group consists of Taikisha Ltd., 36 subsidiaries, and 3 affiliates. Taikisha and 5 subsidiaries are domiciled in Japan, and a total of 31 subsidiaries and 3 affiliates are domiciled overseas.

CONSOLIDATED BALANCE SHEETS

Taikisha Ltd. and its Consolidated Subsidiaries : As of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
Assets	2011	**2012**	**2012**
Current assets:			
Cash and deposits (Notes 3, 7 and 9)	¥25,282	**¥24,450**	**$297,670**
Notes receivable, accounts receivable from			
completed construction contracts and other (Notes 3 and 9)	52,381	**75,424**	**918,239**
Short-term investment securities (Notes 7, 9 and 10)	3,000	**2,554**	**31,097**
Costs on uncompleted construction contracts	17,100	**15,220**	**185,304**
Raw materials and supplies	478	**582**	**7,086**
Deferred tax assets (Note 13)	2,505	**2,540**	**30,926**
Other	3,881	**5,563**	**67,727**
Allowance for doubtful accounts (Notes 9)	(338)	**(179)**	**(2,190)**
Total current assets	104,291	**126,155**	**1,535,858**
Noncurrent assets:			
Property, plant and equipment			
Buildings and structures (Note 3)	7,737	**7,571**	**92,175**
Machinery, vehicles, tools, furniture and fixtures (Notes 3 and 8)	4,500	**5,275**	**64,224**
Land (Note 3)	3,333	**3,274**	**39,862**
Other	282	**572**	**6,968**
Accumulated depreciation	(9,088)	**(9,534)**	**(116,076)**
Property, plant and equipment, net	6,765	**7,158**	**87,154**
Intangible assets			
Goodwill	—	**2,152**	**26,210**
Other (Note 8)	1,125	**1,196**	**14,570**
Total intangible assets	1,125	**3,349**	**40,780**
Investments and other assets			
Investment securities (Notes 3, 9 and 10)	17,915	**17,237**	**209,855**
Deferred tax assets (Note 13)	108	**122**	**1,497**
Other	2,583	**2,263**	**27,558**
Allowance for doubtful accounts	(92)	**(179)**	**(2,181)**
Total investments and other assets	20,515	**19,444**	**236,730**
Total noncurrent assets	28,406	**29,953**	**364,664**
Total assets	¥132,698	**¥156,108**	**$1,900,522**

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

Liabilities and Net assets	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars 2012
Current liabilities:			
Notes payable, accounts payable for construction contracts and other (Notes 3 and 9)	¥34,565	**¥48,789**	**$593,983**
Short-term loans payable (Notes 9 and 19)	2,714	**4,176**	**50,847**
Income taxes payable	2,592	**644**	**7,848**
Deferred tax liabilities (Note 13)	12	**19**	**232**
Advances received on uncompleted construction contracts	14,242	**17,766**	**216,292**
Provision for warranties for completed construction	310	**596**	**7,258**
Provision for loss on construction contracts (Note 3)	1,343	**2,810**	**34,216**
Provision for directors' bonuses	44	**61**	**743**
Other	4,833	**6,186**	**75,320**
Total current liabilities	60,658	**81,050**	**986,740**
Noncurrent liabilities:			
Long-term loans payable (Notes 9 and 19)	568	**924**	**11,256**
Deferred tax liabilities (Note 13)	1,077	**1,059**	**12,900**
Provision for retirement benefits (Note 12)	3,101	**3,029**	**36,882**
Provision for directors' retirement benefits	123	**129**	**1,579**
Other	191	**312**	**3,803**
Total noncurrent liabilities	5,061	**5,455**	**66,420**
Total liabilities	¥65,720	**¥86,506**	**$1,053,160**
Net assets:			
Shareholders' equity			
Capital stock			
Authorized: 100,000,000 shares			
Issued: 36,782,009 shares as of March 31, 2012 and 2011	¥6,455	**¥6,455**	**$78,587**
Capital surplus	7,297	**7,297**	**88,841**
Retained earnings	51,537	**54,810**	**667,287**
Treasury stock, at cost — 313,951 shares	(18)	**(492)**	**(5,994)**
Total shareholders' equity	65,270	**68,071**	**828,722**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	3,060	**3,428**	**41,736**
Deferred gains or losses on hedges (Note 11)	(1)	**26**	**322**
Foreign currency translation adjustment	(3,533)	**(4,607)**	**(56,089)**
Total accumulated other comprehensive income	(474)	**(1,152)**	**(14,031)**
Minority interests	2,181	**2,683**	**32,671**
Total net assets	66,978	**69,602**	**847,362**
Total liabilities and net assets	¥132,698	**¥156,108**	**$1,900,522**

	Yen 2011	Yen 2012	U.S. dollars 2012
Per share data :	¥1,762.28	**¥1,834.99**	**$22.34**
Net assets			

Basis of calculation	Millions of yen 2011	Millions of yen 2012
Total net assets	¥66,978	**¥69,602**
Amounts to be deducted from net assets (Minority interests)	(2,181)	**(2,683)**
Net assets applicable to common stock	64,796	**66,918**
Number of shares of common stock as of the year-end (thousands)	36,768	**36,468**

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

CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Taikisha Ltd. and its Consolidated Subsidiaries : For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2011	**2012**	**2012**
Consolidated Statements of Income			
Net sales of completed construction contracts	¥141,160	**¥189,716**	**$2,309,678**
Cost of sales of completed construction contracts (Note 4)	121,288	**165,056**	**2,009,457**
Gross profit on completed construction contracts	19,872	**24,660**	**300,221**
Selling, general and administrative expenses			
Directors' compensations	728	**760**	**9,256**
Employees' salaries and allowances	6,019	**6,757**	**82,267**
Provision for directors' bonuses	44	**61**	**743**
Retirement benefit expenses (Note 12)	734	**699**	**8,520**
Provision for directors' retirement benefits	26	**24**	**295**
Correspondence and transportation expenses	1,072	**1,197**	**14,578**
Provision of allowance for doubtful accounts	83	**(123)**	**(1,504)**
Rents	1,002	**1,158**	**14,106**
Depreciation	810	**952**	**11,601**
Amortization of goodwill	—	**92**	**1,127**
Other	3,939	**4,754**	**57,880**
Total selling, general and administrative expenses (Note 4)	14,460	**16,335**	**198,869**
Operating income	5,411	**8,325**	**101,352**
Non-operating income			
Interest income	189	**261**	**3,186**
Dividends income	305	**325**	**3,968**
Dividends income of insurance	93	**123**	**1,508**
Real estate rent	132	**135**	**1,646**
Equity in earnings of affiliates	82	**75**	**920**
Gain on bad debts recovered	—	**193**	**2,355**
Other	304	**225**	**2,747**
Total non-operating income	1,107	**1,341**	**16,330**
Non-operating expenses			
Interest expenses	94	**231**	**2,816**
Rent expenses on real estates	90	**86**	**1,054**
Foreign exchange losses	63	**99**	**1,208**
Provision of allowance for doubtful accounts	12	**91**	**1,112**
Other	91	**124**	**1,516**
Total non-operating expenses	352	**632**	**7,706**
Ordinary income	6,166	**9,033**	**109,975**
Extraordinary income			
Reversal of allowance for doubtful accounts	154	**—**	**—**
Gain on disposal of noncurrent assets (Note 4)	14	**43**	**525**
Gain on sales of investment securities	—	**12**	**158**
Gain on liquidation of subsidiaries and affiliates	—	**15**	**188**
Gain on change in equity	5	**—**	**—**
Gain on negative goodwill	172	**—**	**—**
Surrender value of insurance	—	**2**	**28**
Total extraordinary income	346	**73**	**899**
Extraordinary loss			
Loss on disposal of noncurrent assets (Note 4)	20	**59**	**725**
Impairment loss	1	**130**	**1,586**
Loss on sales of investment securities	31	**—**	**—**
Loss on valuation of investment securities	53	**145**	**1,775**
Provision for directors' retirement benefits for prior periods	2	**—**	**—**
Loss on adjustment for changes of accounting standard for asset retirement obligations	48	**—**	**—**
Loss on insurance cancellation	0	**—**	**—**
Total extraordinary losses	157	**335**	**4,086**
Income before income taxes and minority interests	6,354	**8,771**	**106,788**
Income taxes-current	3,309	**3,398**	**41,378**
Income taxes for prior periods	159	**—**	**—**
Income taxes-deferred	(1,090)	**275**	**3,349**
Total income taxes	2,378	**3,673**	**44,727**
Income before minority interests	3,976	**5,097**	**62,061**
Minority interests in income	273	**725**	**8,829**
Net income	¥3,703	**¥4,372**	**$53,232**

	Millions of yen		Thousands of U.S. dollars
Consolidated Statement of Comprehensive Income			
Income before minority interests	¥3,976	**¥5,097**	**$62,061**
Other comprehensive income (Note 5)			
Valuation difference on available-for-sale securities	(875)	**367**	**4,480**
Deferred gains or losses on hedges	(1)	**28**	**342**
Foreign currency translation adjustment	(807)	**(1,239)**	**(15,091)**
Share of other comprehensive income of associates accounted for using equity method	(32)	**1**	**18**
Total other comprehensive income	(1,715)	**(842)**	**(10,251)**
Comprehensive income	2,261	**4,255**	**51,810**
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	2,124	**3,694**	**44,978**
Comprehensive income attributable to minority interests	¥136	**¥561**	**$6,832**

	Yen		U.S. dollars
Per share data:			
Net income	¥100.73	**¥119.52**	**$1.46**
Cash dividends	¥30	**¥35**	**$0.43**

Basis of calculation	Millions of yen	
Net income	¥3,703	**¥4,372**
Net income not attributable to common stockholders	—	**—**
Net income attributable to common stockholders	3,703	**4,372**
Average number of shares of common stock (thousands)	36,768	**36,583**

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, 2011

	Millions of yen										
	Shareholders' equity					Accumulated other comprehensive income					
	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	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of current period	¥6,455	¥7,297	¥48,936	¥(17)	¥62,671	¥3,933	¥(0)	¥(2,828)	¥1,104	¥2,487	¥66,263
Changes of items during the period											
Dividends from surplus			(1,103)		(1,103)						(1,103)
Net income			3,703		3,703						3,703
Purchase of treasury stock				(1)	(1)						(1)
Disposal of treasury stock		0		0	0						0
Net changes of items other than shareholders' equity						(873)	(1)	(704)	(1,579)	(305)	(1,884)
Total changes of items during the period	—	0	2,600	(1)	2,599	(873)	(1)	(704)	(1,579)	(305)	714
Balance at the end of current period	¥6,455	¥7,297	¥51,537	¥(18)	¥65,270	¥3,060	¥(1)	¥(3,533)	¥(474)	¥2,181	¥66,978

For the year ended March 31, 2012

	Millions of yen										
	Shareholders' equity					Accumulated other comprehensive income					
	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	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of current period	¥6,455	¥7,297	¥51,537	¥(18)	¥65,270	¥3,060	¥(1)	¥(3,533)	¥(474)	¥2,181	¥66,978
Changes of items during the period											
Dividends from surplus			(1,098)		(1,098)						(1,098)
Net income			4,372		4,372						4,372
Purchase of treasury stock				(473)	(473)						(473)
Disposal of treasury stock		0		0	0						0
Net changes of items other than shareholders' equity						367	28	(1,073)	(677)	501	(176)
Total changes of items during the period	—	0	3,273	(473)	2,800	367	28	(1,073)	(677)	501	2,624
Balance at the end of current period	¥6,455	¥7,297	¥54,810	¥(492)	¥68,071	¥3,428	¥26	¥(4,607)	¥(1,152)	¥2,683	¥69,602

	Thousands of U.S. dollars										
	Shareholders' equity					Accumulated other comprehensive income					
	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	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of current period	$78,587	$88,841	$627,430	$(229)	$794,629	$37,261	$(20)	$(43,018)	$(5,777)	$26,563	$815,415
Changes of items during the period											
Dividends from surplus			(13,374)		(13,374)						(13,374)
Net income			53,232		53,232						53,232
Purchase of treasury stock				(5,765)	(5,765)						(5,765)
Disposal of treasury stock		0		1	1						1
Net changes of items other than shareholders' equity						4,476	342	(13,071)	(8,254)	6,108	(2,145)
Total changes of items during the period	—	0	39,857	(5,765)	34,093	4,476	342	(13,071)	(8,254)	6,108	31,948
Balance at the end of current period	$78,587	$88,841	$667,287	$(5,994)	$828,722	$41,736	$322	$(56,089)	$(14,031)	$32,671	$847,362

CONSOLIDATED STATEMENTS OF CASH FLOWS

Taikisha Ltd. and its Consolidated Subsidiaries : For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2011	**2012**	**2012**
Cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥6,354	**¥8,771**	**$106,788**
Depreciation and amortization	1,122	**1,239**	**15,091**
Amortization of goodwill	—	**92**	**1,127**
Gain on negative goodwill	(172)	**—**	**—**
Increase (decrease) in allowance for doubtful accounts	(602)	**(89)**	**(1,087)**
Increase (decrease) in provision for retirement benefits	(54)	**(204)**	**(2,495)**
Increase (decrease) in provision for directors' retirement benefits	(80)	**5**	**71**
Increase (decrease) in provision for loss on construction contracts	256	**1,481**	**18,041**
Increase (decrease) in provision for warranties for completed construction	8	**265**	**3,230**
Interest and dividends income	(494)	**(587)**	**(7,154)**
Interest expenses	94	**231**	**2,816**
Equity in (earnings) losses of affiliates	(45)	**(43)**	**(535)**
Loss (gain) on sales of investment securities	31	**(12)**	**(158)**
Loss (gain) on disposal of noncurrent assets	5	**16**	**200**
Loss (gain) on valuation of investment securities	53	**145**	**1,775**
Loss on adjustment for changes of accounting standard for asset retirement obligations	48	**—**	**—**
Decrease (increase) in notes and accounts receivable-trade	(9,277)	**(23,126)**	**(281,546)**
Decrease (increase) in inventories	270	**2,388**	**29,082**
Decrease (increase) in advances paid	(134)	**(0)**	**(7)**
Decrease (increase) in non-operating notes receivable	73	**(200)**	**(2,439)**
Decrease (increase) in accounts receivable-other	110	**10**	**126**
Increase (decrease) in notes and accounts payable-trade	7,018	**13,387**	**162,980**
Increase (decrease) in advances received on uncompleted construction contracts	(18)	**2,919**	**35,540**
Increase (decrease) in non-operating notes payable	(14)	**121**	**1,483**
Increase (decrease) in accrued consumption taxes	390	**(919)**	**(11,198)**
Increase (decrease) in deposits received	69	**191**	**2,325**
Increase (decrease) in accrued expenses	64	**310**	**3,779**
Other, net	1,322	**418**	**5,097**
Subtotal	6,399	**6,812**	**82,932**
Interest and dividends income received	494	**587**	**7,154**
Interest expenses paid	(93)	**(229)**	**(2,794)**
Income taxes paid	(930)	**(5,357)**	**(65,220)**
Net cash provided by (used in) operating activities	5,869	**1,812**	**22,070**
Cash provided by (used in) investing activities:			
Payments into time deposits	(2,766)	**(1,980)**	**(24,112)**
Proceeds from withdrawal of time deposits	2,714	**2,000**	**24,358**
Purchase of short-term investment securities	(2,000)	**(499)**	**(6,081)**
Proceeds from redemption of securities	—	**2,499**	**30,430**
Purchase of property, plant and equipment and intangible assets	(783)	**(1,398)**	**(17,031)**
Proceeds from sales of property, plant and equipment and intangible assets	127	**162**	**1,982**
Purchase of investment securities	(4,697)	**(1,918)**	**(23,356)**
Proceeds from sales of investment securities	583	**638**	**7,778**
Proceeds from redemption of investment securities	1,000	**—**	**—**
Purchase of investments in subsidiaries	(100)	**—**	**—**
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 7)	—	**(1,807)**	**(22,003)**
Payments of long-term loans receivable	(76)	**(83)**	**(1,012)**
Collection of long-term loans receivable	89	**43**	**535**
Purchase of insurance funds	(58)	**(27)**	**(338)**
Proceeds from maturity of insurance funds	37	**12**	**152**
Other, net	92	**20**	**255**
Net cash provided by (used in) investing activities	(5,838)	**(2,336)**	**(28,444)**
Cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	1,391	**1,361**	**16,576**
Proceeds from long-term loans payable	209	**362**	**4,410**
Repayment of long-term loans payable	(203)	**(278)**	**(3,389)**
Repayments of lease obligations	(49)	**(55)**	**(673)**
Proceeds from stock issuance to minority shareholders	69	**24**	**297**
Net decrease (increase) in treasury stock	(1)	**(473)**	**(5,765)**
Cash dividends paid	(1,105)	**(1,094)**	**(13,322)**
Cash dividends paid to minority shareholders	(217)	**(208)**	**(2,535)**
Net cash provided by (used in) financing activities	92	**(361)**	**(4,400)**
Effect of exchange rate change on cash and cash equivalents	(840)	**(522)**	**(6,360)**
Net increase (decrease) in cash and cash equivalents	(717)	**(1,407)**	**(17,134)**
Cash and cash equivalents at beginning of period	26,752	**26,035**	**316,961**
Cash and cash equivalents at end of period (Note 7)	¥26,035	**¥24,627**	**$299,827**

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, 2012 and 2011

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements were prepared based on the accounts maintained by Taikisha Ltd. (the "Company") and its consolidated subsidiaries (collectively, the "Companies") 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, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain amounts in the prior year's financial statements were reclassified to conform to the changes made for the latest fiscal year.

The accounts of the consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto were translated from the original Japanese yen into U.S. dollars on the basis of ¥82.14 to US$1, the rate of exchange prevailing at March 31, 2012, and were then rounded to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.

2. Summary of significant accounting policies

(1) Scope of consolidation

The Company acquired the shares of Geico S. p. A. in this fiscal year. With this acquisition, Geico S. p. A. and its two subsidiaries have become consolidated subsidiaries of the Company. Moreover, Taikisha(Cambodia) Co.,Ltd., Geico Painting Equipment Manufacture (Suzhou) Co.,Ltd., "Geico Russia"LLC and Taikisha Mexicana Service S.A.de C.V. have become consolidated subsidiaries of the Company because these four companies had been newly established. Taikisha Espana S.A. which was non-consolidated subsidiary was completed the procedure of liquidation.

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

Domestic subsidiaries

San Esu Industry Co., Ltd.　Nippon Noise Control Ltd.　Tokyo Taikisha Service Ltd.　Custom Ace Ltd.　Taniyama Co., Ltd.

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 Mexicana Service S.A.de C.V. (subsidiary of Taikisha de Mexico, S.A. de C.V.)
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
Tianjin Taikisha Paint Finishing System Ltd.
Geico S.p.A.
Geico Brasil Ltda. (subsidiary of Geico S.p.A.)
Geico Paint Shop India Private Limited (subsidiary of Geico S.p.A.)
Geico Painting Equipment Manufacture(Suzhou)Co.,Ltd. (subsidiary of Geico S.p.A.)
"Geico Russia" LLC (subsidiary of Geico S.p.A.)
Taikisha (Cambodia)Co.,Ltd.

(2) Application of equity method

Investments in the following affiliates are accounted for by the equity method

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

Investments in the following affiliates are not accounted for by the equity method

Investments in 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.

Makiansia Engineering (M) Sdn. Bhd.

(3) Fiscal year for consolidated subsidiaries

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.

(4) Valuation of assets

Held-to-maturity debt securities

Held-to-maturity debt securities are determined by the amortized cost method. Discounts and premiums are amortized by the straight-line method.
Held-to-maturity debt securities issued by affiliates are stated at cost, determined by the moving average method.

Other securities

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.
Other securities for which market quotations are not available are stated at cost method determined by the moving average method.

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.

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. The cost method (the amounts stated in the balance sheets are calculated by writing down the book values based on lower profitability) is used as a valuation standard.

(5) Depreciation method for depreciable assets

Property, plant and equipment (excluding leased assets)

The Company mainly calculate depreciation by the declining-balance method, while straight-line method is applied to the buildings, excluding building fixtures, acquired on or after April 1, 1998. Certain consolidated overseas subsidiaries apply the straight-line method. The useful life and residual values of depreciable assets are estimated mainly in accordance with the Corporate Tax Law.

Intangible assets (excluding leased assets)

Intangible assets are depreciated by the straight-line method. Computer software for internal use is depreciated by the straight-line method over the estimated useful life of 5 years.

Leased assets

Depreciation of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee is calculated by the straight-line method over the lease period with a residual value of zero.

(6) Provision Recognition

Allowance for doubtful accounts

In order to prepare for losses due to bad debts of accounts receivable from completed construction contracts and other, receivables classified as "normal", the allowance for doubtful accounts is provided based on a historical default ratio. For receivables classified as "doubtful" etc, the allowance for doubtful accounts is provided based on individual assessment on the probability of collection.

Provision for warranties for completed construction

In order to prepare for the costs of repairs for damages related to completed construction work for which the Companies are responsible, the provision is provided based on previous warranty experience.

Provision for loss on construction contracts

In order to prepare for future losses related to the construction contracts in process, the provision is provided based on estimated amount which will probably be incurred and which can be reasonably estimated.

Provision for directors' bonuses

In order to prepare for directors' bonuses, the provision is provided based on estimated payment of the fiscal year.

Provision for retirement benefits

In order to prepare for employees' retirement benefits, the provision is provided based on the estimate amount of projected benefit obligations and plan assets.

Unrecognized actuarial differences (¥1,184 million, US$ 14,419 thousand) are amortized using straight-line method over 10 years from the fiscal year after the differences are recognized.

Unrecognized prior service cost (¥1,255 million, US$ 15,287 thousand) are amortized using straight-line method over 10 years from the fiscal year after the differences are recognized.

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. The contribution to the retirement plans assets is recognized as retirement benefit expenses. Plan assets at the end of the fiscal year calculated based on the proportion of the funded amounts are ¥7,424 million (US$ 90,393 thousand).

Provision for directors' retirement benefits

In order to prepare for directors' retirement benefits, the Company's domestic subsidiaries recognize the provision for accrued severance benefits to directors at 100 percent of the amount required by their internal policies for severance benefits.

(7) Sales and cost Recognition

Sales of completed construction contracts and cost of sales of completed construction contracts

Sales and costs of construction contracts of which the percentage of completion can be reliably estimated are recognized by the percentage-of-completion method. Other sales and costs are recognized by completed-contract method.

(8) Hedge accounting

Method of hedge accounting

Hedging instruments are valued at fair value and accounted for using the deferral method of accounting.

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.

With regard to interest rate swaps and interest rate caps which meet certain requirements, the Companies use the special treatment. The special treatment is net amounts to be paid or received under the interest rate swap contracts and interest rate cap contracts added to or deducted from the interest on liabilities for which the contracts were executed.

Hedging instruments and hedged items

Hedging instruments : Forward exchange contracts, non-deliverable forward (NDF), interest rate swaps and interest rate caps

Hedged items : Foreign trade accounts receivable and payable, forecasted foreign currency transactions and interest for loan payable

Hedging policy

The Companies use forward exchange contracts not for the purpose of speculation but for hedging future risks of fluctuation of foreign currency exchange rates.
The Companies use interest rate swaps and interest rate caps not for the purpose of speculation but for hedging future risks of fluctuation of interest rates.

Assessment of hedge effectiveness

Hedge effectiveness is not assessed because substantial terms and conditions of the hedging instruments and the hedged transactions are the same.
The evaluation of hedge effectiveness is omitted for interest rate swaps and interest rate caps because they meet certain criteria under the specific method.

(9) Scope of cash and cash equivalents in the consolidated statements of cash flows

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.

(10) Goodwill

Goodwill is amortized by the straight-line method over a period of 20 years.

(11) Consumption tax

Consumption tax is accounted for under the tax-exclusive method.

(12) Additional information

Accounting Changes and Error Corrections

From this fiscal year, the Companies apply "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan statement No.24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan Guidance No.24 issued on December 4, 2009)

3. Notes of consolidated balance sheets

(1) The information of non-consolidated subsidiaries and affiliates

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Investment securities	¥402	¥414	$5,051

(2) Pledged assets

Assets pledged as securities for dealing of consolidated subsidiaries and affiliates

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Cash and deposits	¥32	¥32	$396

Assets pledged as collateral for loans payable of invested company

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Investment securities	¥2	¥2	$24

Assets pledged as collateral for loans payable of consolidated subsidiaries and affiliates

For the year ended March 31, 2011

	Millions of yen	
Pledged assets	Book value	Liabilities covered by pledged assets
Cash and deposits	¥363	¥224
Buildings and structures	88	486
Land	487	
Machinery, vehicles, tools, furniture and fixtures	¥7	¥6

For the year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars	
Pledged assets	Book value	Liabilities covered by pledged assets	Book value	Liabilities covered by pledged assets
Cash and deposits	¥234	¥181	$2,860	$2,215
Buildings and structures	82	449	1,006	5,469
Land	487		5,930	
Machinery, vehicles, tools, furniture and fixtures	¥5	¥4	$72	$51

(3) Guarantee obligation

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Guarantee of Employees' loans	¥39	¥19	$236

(4) Commitment lines

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

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Total amount of lending commitment	¥5,000	¥5,000	$60,872
Borrowing execution balance	—	—	—
Total	¥5,000	¥5,000	$60,872

(5) Endorsed notes

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Endorsed notes	¥35	¥35	$427

(6) Provision for loss on construction contracts

Following amounts of provision for loss on construction contracts are offset from the amount of costs on uncompleted construction contracts.

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Provision for loss on construction contracts	¥490	¥490	$5,971

(7) Outstanding notes receivable and notes payable which maturity dates are same date as balance sheet date

With regard to outstanding notes receivable and notes payable which maturity dates are same date as balance sheet date, these are settled on the date of clearing. The Companies had the following outstanding notes which maturity dates are same date as balance sheet date, because balance sheet date was holiday in this fiscal year.

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Notes receivable	¥—	¥130	$1,590
Notes receivable endorsed	—	11	137
Non-operating notes receivable	—	1	17
Notes payable	—	442	5,390
Non-operating notes payable	¥—	¥2	$31

4. Notes of consolidated statements of income

(1) Research and development expenses

Research and development expenses included in selling, general and administrative expenses are as follows.

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Research and development expenses	¥744	¥784	$9,546

(2) Gain on disposal of noncurrent assets

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Buildings and structures	¥—	¥2	$36
Machinery, vehicles, tools, furniture and fixtures	2	5	66
Land	—	6	79
Long-term deposits	11	28	343
Other	—	0	1
Total	¥14	¥43	$525

(3) Loss on disposal of noncurrent assets

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Buildings and structures	¥4	¥12	$154
Machinery, vehicles, tools, furniture and fixtures	2	6	75
Land	10	13	160
Long-term deposits	1	23	292
Other	0	3	44
Total	¥20	¥59	$725

(4) Provision for loss on construction contracts

Provision for loss on construction contracts included in cost of sales of completed construction contracts are as follows.

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Provision for loss on construction contracts	¥244	¥1,466	$17,858

5. Notes of consolidated statements of comprehensive income

(1) Reclassification adjustments and tax effects for other comprehensive income

	Millions of yen 2012	Thousands of U.S. dollars 2012
Valuation difference on available-for-sale securities		
Net gains (losses) arising during the period	¥33	$410
Reclassification adjustments	128	1,559
Before tax effects	161	1,970
Net of tax effects	206	2,510
Valuation difference on available-for-sale securities	367	4,480
Deferred gains or losses on hedges		
Net gains (losses) arising during the period	36	447
Reclassification adjustments	(4)	(54)
Before tax effects	32	392
Net of tax effects	(4)	(51)
Deferred gains or losses on hedges	28	342
Foreign currency translation adjustment		
Net gains (losses) arising during the period	(1,239)	(15,091)
Share of other comprehensive income of associates accounted for using equity method		
Net gains (losses) arising during the period	1	18
Other comprehensive income	¥(842)	$(10,251)

6. Notes of consolidated statements of changes in net assets

(1) The number of issued shares

For the year ended March 31, 2011

	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	36,782,009	—	—	36,782,009

For the year ended March 31, 2012

	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	36,782,009	—	—	36,782,009

(2) The number of treasury shares

For the year ended March 31, 2011

	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	12,594	935	6	13,523

Note 1. Treasury shares increased by 935 shares because of purchase of shares less than one unit (*).
Note 2. Treasury shares decreased by 6 shares because of sales of shares less than one unit (*).
(*) The unit share is a specified number of shares which are treated as one purchasing lot and entitled to one voting right. One unit share consists of 100 shares.

For the year ended March 31, 2012

	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	13,523	300,465	37	313,951

Note 1. Treasury shares increased by 300,000 shares because of purchase of shares approved by the resolution of board of directors and increased by 465 shares because of purchase of shares less than one unit (*).
Note 2. Treasury shares decreased by 37 shares because of sales of shares less than one unit (*).
(*) The unit share is a specified number of shares which are treated as one purchasing lot and entitled to one voting right. One unit share consists of 100 shares.

(3) Dividends

Dividends paid

For the year ended March 31, 2011

Resolution approved by	Type of shares	Amount (Millions of yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 29, 2010)	Common shares	¥551	¥15.00	March 31, 2010	June 30, 2010
Board of directors (November 10, 2010)	Common shares	¥551	¥15.00	September 30, 2010	December 1, 2010

For the year ended March 31, 2012

Resolution approved by	Type of shares	Amount		Amount per share		Shareholders' cut-off date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of shareholders (June 29, 2011)	Common shares	¥551	$6,714	¥15.00	$0.18	March 31, 2011	June 30, 2011
Board of directors (November 10, 2011)	Common shares	¥547	$6,660	¥15.00	$0.18	September 30, 2011	December 1, 2011

Dividends with a shareholders' cut-off date during the fiscal year but an effective date subsequent to the fiscal year

For the year ended March 31, 2011

Resolution approved by	Type of shares	Paid from	Amount	Amount per share	Shareholders' cut-off date	Effective date
			Millions of yen	Yen		
Annual general meeting of shareholders (June 29, 2011)	Common shares	Retained earnings	¥551	¥15.00	March 31, 2011	June 30, 2011

For the year ended March 31, 2012

Resolution approved by	Type of shares	Paid from	Amount		Amount per share		Shareholders' cut-off date	Effective date
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of shareholders (June 28, 2012)	Common shares	Retained earnings	¥729	$8,879	¥20.00	$0.24	March 31, 2012	June 29, 2012

7. Notes of consolidated statements of cash flows

(1) Cash and cash equivalents

The reconciliation between amounts of cash and cash equivalents reported in the consolidated statements of cash flows and amounts of cash and deposits reported in the consolidated balance sheets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Cash and deposits	¥25,282	¥24,450	$297,670
Short-term investment securities	3,000	2,554	31,097
Sub total	28,282	27,004	328,766
Time deposits over three months	(246)	(423)	(5,151)
Short-term investment securities over three month	(2,000)	(1,953)	(23,789)
Cash and cash equivalents	¥26,035	¥24,627	$299,827

(2) Detail of assets and liabilities of newly consolidated subsidiary because of purchase of investments in subsidiaries

The detail of assets, liabilities and the acquisition cost of shares and net proceeds from investment is as follows.

Geico S.p.A. (as of June 30, 2011)

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Current assets	¥4,009	$48,807
Noncurrent assets	795	9,679
Goodwill	2,591	31,545
Current liabilities	(3,811)	(46,402)
Noncurrent liabilities	(605)	(7,369)
Minority interests	(189)	(2,311)
Acquisition cost of Geico S.p.A.	2,788	33,950
Cash and cash equivalents of Geico S.p.A.	981	11,947
Net : Purchase of investments in Geico S.p.A.	¥1,807	$22,003

8. Lease transaction

The non-transfer-ownership finance lease as lessee which entered into a contract on and before March 31, 2008.

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

As lessee

The acquisition costs, accumulated depreciation and net book value of the leased assets are as follows.

March 31, 2011

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Tools and furniture	¥65	¥55	¥10
Machinery	304	189	115
Other	67	55	11
Total	¥437	¥300	¥137

March 31, 2012

	Millions of yen			Thousands of U.S. dollars
	Acquisition cost	Accumulated depreciation	Net book value	Net book value
Tools and furniture	¥20	¥17	¥3	$38
Machinery	192	111	80	985
Other	12	11	1	15
Total	¥225	¥140	¥85	$1,039

The amounts of future lease payments

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Due within one year	¥51	¥20	$247
Due over one year	85	65	792
Total	¥137	¥85	$1,039

Note 1. Because the proportion of future lease payments to the ending balance of noncurrent assets is low, the interest portion is included above future lease payment amounts.

Total lease payments and depreciation

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Total lease payment	¥72	¥51	$633
Depreciation	¥72	¥51	$633

Depreciation method

Depreciation is calculated by the straight-line method over the lease period with a residual value of zero.

(1) Finance lease transaction

As lessee

The detail of leased assets

The leased assets are mainly office equipments and vehicles in Japan and production equipments and vehicles overseas. The account title the Companies use is "Machinery, vehicles, tools, furniture and fixtures".

Depreciation method

Depreciation is calculated by the straight-line method over the lease period with a residual value of zero.

Impairment loss

There is no impairment loss allocated to the leased assets.

(2) Operating lease transaction

As lessee

The amounts of outstanding future lease payments under non-cancelable operating leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Due within one year	¥79	¥106	$1,302
Due over one year	41	42	522
Total	¥120	¥149	$1,824

9. Financial instruments

(1) Overview

Policy for financial instruments

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

Types of financial instruments' risks and risk management

Receivables such as notes receivable, accounts receivable from completed construction contracts and other are exposed to the customer credit risk. For avoiding this risk, the Companies have an internal system which check customer credit status on a timely basis and 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. The Companies check market price and financial position of these companies periodically.

Payables such as notes payable, accounts payable for construction contracts and other are almost all due within one year. Though these 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 accounts receivable from completed construction contracts in the same foreign currencies.

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

Derivative transaction means forward exchange contract and non-deliverable forward (NDF) for reducing foreign currencies fluctuation risks in normal operating cycle, and interest rate swap and interest rate cap for reducing interest rate fluctuation risks. The Companies have an internal guideline of foreign exchange management authorized by administrative management chief executive and carry out of forward exchange contracts and non-deliverable forward (NDF) in accordance with the guideline. The guideline prescribes management policy, division name in charge of risk management, purpose of transactions, kinds of transactions and reporting system. With regard to interest rate swap and interest rate cap, the Companies admit to make a contract only if this meets the requirements for specific treatment. In case of carrying out derivative transactions, the Companies do business only with high credit rating financial institutions to reduce credit risk.

Trade payable and loans payable are exposed to liquidity risk. The Companies control the risk by preparing financing plans by each subsidiaries.

Supplementary explanation of fair values of financial instruments

Derivative transactions in "(2) Fair value of financial instruments" are not indicative of the actual market risk involved in derivative transactions but nominal contract amounts or estimated amounts based on certain assumptions.

(2) Fair value of financial instruments

The following table shows the book values and fair values of financial instruments and any differences. Certain financial instruments for which it is extremely difficult to determine the fair value are not included (see Note 2 below).

March 31, 2011

	Millions of yen		
	Book value	Fair value	Difference
Cash and deposits	¥25,282	¥25,282	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	52,381		
Allowance for doubtful accounts (*1)	(60)		
	52,320	51,587	(733)
Short-term investment securities and Investment securities (*2)	19,500	19,496	(3)
Total Assets	¥97,103	¥96,366	¥(737)
Notes payable, accounts payable for construction contracts and other	34,565	34,483	(81)
Short-term loans payable	2,714	2,681	(33)
Long-term loans payable	568	451	(117)
Total Liabilities	¥37,848	¥37,616	¥(232)
Derivatives	¥—	¥(6)	¥(6)

(*1) Allowance for doubtful accounts estimated by each credit risks of notes receivable, accounts receivable from completed construction contracts and other are deducted.
(*2) Investment securities which are extremely difficult to determine the fair values are not included.

March 31, 2012

	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Cash and deposits	¥24,450	¥24,450	¥ —	$297,670	$297,670	$ —
Notes receivable, accounts receivable from completed construction contracts and other	75,424			918,239		
Allowance for doubtful accounts (*1)	(132)			(1,615)		
	75,291	75,036	(255)	916,624	913,519	(3,105)
Short-term investment securities and Investment securities (*2)	18,160	18,143	(16)	221,090	220,884	(206)
Total Assets	¥117,902	¥117,630	¥(271)	$1,435,384	$1,432,073	$(3,311)
Notes payable, accounts payable for construction contracts and other	48,789	48,765	(24)	593,983	593,688	(296)
Short-term loans payable	4,176	4,172	(4)	50,847	50,798	(49)
Long-term loans payable	924	916	(7)	11,256	11,161	(96)
Total Liabilities	¥53,890	¥53,854	¥(36)	$656,086	$655,647	$(440)
Derivatives	¥—	¥27	¥27	$—	$331	$331

(*1) Allowance for doubtful accounts estimated by each credit risks of notes receivable, accounts receivable from completed construction contracts and other are deducted.
(*2) Investment securities which are extremely difficult to determine the fair values are not included.

(Note 1) Method to determine the fair values of financial instruments and other information related to short-term securities and derivatives

Assets

Cash and deposits

Since deposits are settled in a short period of time, the book value approximates the fair value. Therefore the book value is used the same as fair value.

Notes receivable, accounts receivable from completed construction contracts and other

The fair value of these items is determined based on the present value of book value, calculated by applying a discount rate determined taking into account the term of collection and the credit risk.

Short-term investment securities and investment securities

The fair value of stocks are determined based on quoted market price and the fair value of debt securities is determined based on the present value of book value, calculated by applying the national bond rate determined taking into account the term of collection.

Liabilities

Notes payable, accounts payable for construction contracts and other and short-term loans payable

The fair value of these items is determined based on the present value of book value, calculated by applying a discount rate determined taking into account the term of collection and the credit risk.

Long-term loans payable

With regard to floating rate loans, the book value approximates the fair value because the market interest rate is reflected in the interest rate within a short period of time and credit risk does not fluctuate a lot after borrowing. Therefore the book value is used as the fair value. With regard to fixed rate loans, the fair value is determined based on the present value of the total principal and interest discounted by an interest rate to be applied if similar new loans were entered into.

Derivative transactions

See 11 "Derivative Transactions"

(Note 2) Book value of financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen		Thousands of U.S. dollars
	2011	**2012**	**2012**
Other securities			
Non-listed stocks	¥960	**¥972**	**$11,835**
Investment trusts	383	**615**	**7,499**
Non-listed foreign bonds	72	**43**	**527**

It is extremely difficult to determine the fair value for these securities, because they have no quoted market prices available and high cost is expected to require to calculate future cash flow. Therefore, they are not included in "Short-term investment securities and investment securities" above.

(Note 3) Redemption schedule for money claims and securities with maturities

March 31, 2011

	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	¥25,282	¥—	¥—	¥—
Notes receivable, accounts receivable from completed construction contracts and other	45,451	6,929	—	—
Short-term investment securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	—	1,951	—	—
Other securities with maturity date				
(Money in trust)	3,000	495	—	—
(Non-listed foreign bonds)	—	28	44	—
Total	¥73,734	¥9,404	¥44	¥—

March 31, 2012

	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	**¥24,450**	**¥—**	**¥—**	**¥—**
Notes receivable, accounts receivable from completed construction contracts and other	**75,036**	**387**	**—**	**—**
Short-term investment securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	**1,953**	**1,500**	**—**	**—**
Other securities with maturity date				
(Money in trust)	**—**	**489**	**—**	**—**
(Non-listed foreign bonds)	**—**	**43**	**—**	**—**
Total	**¥101,441**	**¥2,420**	**¥—**	**¥—**

March 31, 2012

	Thousands of U.S. dollars			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	$297,670	$—	$—	$—
Notes receivable, accounts receivable from completed construction contracts and other	913,519	4,720	—	—
Short-term investment securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	23,789	18,265	—	—
Other securities with maturity date				
(Money in trust)	—	5,958	—	—
(Non-listed foreign bonds)	—	527	—	—
Total	$1,234,977	$29,470	$—	$—

(Note 4) Redemption schedule for long-term loans payable, lease obligations and other interest-bearing debts

March 31, 2011

	Millions of yen					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Long-term loans payable	¥118	¥107	¥91	¥39	¥39	¥289
Lease obligations	50	32	19	13	8	0
Total	¥168	¥139	¥111	¥53	¥48	¥289

March 31, 2012

	Millions of yen					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Long-term loans payable	¥285	¥291	¥199	¥112	¥70	¥250
Lease obligations	42	28	22	17	3	—
Total	¥327	¥320	¥222	¥129	¥74	¥250

March 31, 2012

	Thousands of U.S. dollars					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Long-term loans payable	$3,471	$3,547	$2,435	$1,366	$859	$3,050
Lease obligations	512	349	272	213	45	—
Total	$3,984	$3,896	$2,707	$1,579	$904	$3,050

10. Securities

(1) Held-to-maturity debt securities

March 31, 2011

	Millions of yen		
	Book Value	Fair Value	Difference
Securities whose fair value exceeds their book value	¥935	¥937	¥1
Securities whose fair value does not exceed their book value	1,015	1,010	(5)
Total	¥1,951	¥1,947	¥(3)

March 31, 2012

	Millions of yen		
	Book Value	Fair Value	Difference
Securities whose fair value exceeds their book value	¥1,000	¥1,003	¥3
Securities whose fair value does not exceed their book value	2,453	2,433	(20)
Total	¥3,454	¥3,437	¥(16)

March 31, 2012

	Thousands of U.S. dollars		
	Book Value	Fair Value	Difference
Securities whose fair value exceeds their book value	$12,178	$12,220	$43
Securities whose fair value does not exceed their book value	29,876	29,627	(248)
Total	$42,053	$41,848	$206

(2) Other securities

March 31, 2011

	Millions of yen		
	Book Value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	¥10,888	¥5,266	¥5,621
Securities whose book value does not exceed their acquisition cost			
Money in trust	3,000	3,000	—
Stocks	3,164	3,722	(557)
Bonds			
Other	495	500	(4)
Subtotal	6,660	7,222	(562)
Total	¥17,548	¥12,489	¥5,059

March 31, 2012

	Millions of yen		
	Book Value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	¥11,526	¥5,726	¥5,800
Securities whose book value does not exceed their acquisition cost			
Stocks	2,689	3,258	(568)
Bonds			
Other	489	500	10
Subtotal	3,179	3,758	(579)
Total	¥14,706	¥9,484	¥5,221

March 31, 2012

	Thousands of U.S. dollars		
	Book Value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	$140,334	$69,716	$70,618
Securities whose book value does not exceed their acquisition cost			
Stocks	32,745	39,666	(6,921)
Bonds			
Other	5,958	6,087	(129)
Subtotal	38,703	45,753	(7,050)
Total	$179,037	$115,469	$63,568

(3) Other securities sold

March 31, 2011

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	¥328	¥37	¥64
Investment trusts	283	0	5
Total	¥612	¥38	¥69

March 31, 2012

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	¥193	¥20	¥—
Investment trusts	426	6	14
Non-listed foreign bonds	19	—	—
Total	¥638	¥27	¥14

March 31, 2012

	Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	$2,351	$250	$—
Investment trusts	5,187	84	175
Non-listed foreign bonds	240	—	—
Total	$7,778	$333	$175

(4) Securities with impairment loss

The acquisition costs of tables above are the amounts that are already deducted impairment losses. The Companies recorded impairment loss of ¥ 145 million (US$ 1,775 thousand) and ¥ 53 million for other securities for which market quotation are available for the years ended March 31, 2012 and 2011 respectively. The Companies recognize an impairment loss when those securities' market value fall 50% or more than the acquisition cost and there is no evidence to indicate that the current price will be recovered to the acquisition cost within one year. When those market value fall 30% or more than acquisition cost, the Companies recognize an impairment loss according to market price in the past one year and the possibility of recovery.

11. Derivative transactions

(1) Derivative transactions to which the hedge accounting method is not applied

Currency-related transactions

March 31, 2011

		Millions of yen			
Category	Transaction type	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Except for market transaction	Forward exchange contracts:				
	Buy				
	Yen	¥57	¥—	¥0	¥0
	U.S. dollars	47	—	0	0
	Euros	0	—	(0)	(0)
	Sell				
	Yen	15	—	0	0
	Total	¥—	¥—	¥1	¥1

Note 1. Estimated fair value was provided by financial institutions.

March 31, 2012

		Millions of yen			
Category	Transaction type	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Except for market transaction	Forward exchange contracts:				
	Buy				
	Yen	**¥150**	**¥—**	**¥4**	**¥4**
	U.S. dollars	**223**	**—**	**9**	**9**
	Singapore dollars	**19**	**—**	**0**	**0**
	Sell				
	U.S. dollars	**32**	**—**	**(1)**	**(1)**
	Total	**¥—**	**¥—**	**¥12**	**¥12**

Note 1. Estimated fair value was provided by financial institutions.

March 31, 2012

		Thousands of U.S. dollars			
Category	Transaction type	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Except for market transaction	Forward exchange contracts:				
	Buy				
	Yen	**$1,829**	**$—**	**$50**	**$50**
	U.S. dollars	**2,717**	**—**	**111**	**111**
	Singapore dollars	**238**	**—**	**4**	**4**
	Sell				
	U.S. dollars	**395**	**—**	**(18)**	**(18)**
	Total	**$—**	**$—**	**$147**	**$147**

(2) Derivative transactions to which the hedge accounting method is applied

Currency-related transactions

March 31, 2011

			Millions of yen		
Hedging method	Transaction type	Main hedged items	Contract amount	Over one year	Fair value
Deferral method	Forward exchange contracts				
	Buy				
	Yen	Accounts payable for construction contracts (forecast)	¥298	¥298	¥7
	U.S. dollars	Accounts payable for construction contracts (forecast)	128	11	(6)
	Sell				
	U.S. dollars	Accounts receivable from completed construction contracts (forecast)	961	24	(7)
	Euros	Accounts receivable from completed construction contracts (forecast)	64	—	(2)
	Total		¥—	¥—	¥(8)

Note 1. Estimated fair value was provided by financial institutions.

March 31, 2012

Hedging method	Transaction type	Main hedged items	Contract amount	Millions of yen Over one year	Fair value
Deferral method	Forward exchange contracts				
	Buy				
	Yen	Accounts payable for construction contracts (forecast)	¥571	¥—	¥30
	U.S. dollars	Accounts payable for construction contracts (forecast)	67	—	2
	Euros	Accounts payable for construction contracts (forecast)	176	—	(1)
	Sell				
	U.S. dollars	Accounts receivable from completed construction contracts (forecast)	145	—	(8)
	Total		¥—	¥—	¥24

Note 1. Estimated fair value was provided by financial institutions.

March 31, 2012

Hedging method	Transaction type	Main hedged items	Contract amount	Thousands of U.S. dollars Over one year	Fair value
Deferral method	Forward exchange contracts				
	Buy				
	Yen	Accounts payable for construction contracts (forecast)	$6,962	$—	$368
	U.S. dollars	Accounts payable for construction contracts (forecast)	821	—	36
	Euros	Accounts payable for construction contracts (forecast)	2,152	—	(14)
	Sell				
	U.S. dollars	Accounts receivable from completed construction contracts (forecast)	1,772	—	(97)
	Total		$—	$—	¥293

Interest-related transactions

March 31, 2011

Hedging method	Transaction type	Main hedged items	Contract amount	Millions of yen Over one year	Fair value
Special treatment of interest rate swap	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	¥240	¥220	(Note 1)

Note 1. Because special treatment of interest rate swaps is made together with hedged long-term loans payable, their market values of interest rate swaps have been included in those of the relevant long-term loans payable.

March 31, 2012

Hedging method	Transaction type	Main hedged items	Contract amount	Millions of yen Over one year	Fair value
Special treatment of interest rate swap	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	¥542	¥430	(Note 1)
	Interest rate cap Buy	Long-term loans payable	¥60	¥40	(Note 1)

Note 1. Because special treatment of interest rate swaps and interest rate caps are made together with hedged long-term loans payable, their market values of interest rate swaps and interest rate caps have been included in those of the relevant long-term loans payable.

March 31, 2012

Hedging method	Transaction type	Main hedged items	Contract amount	Thousands of U.S. dollars Over one year	Fair value
Special treatment of interest rate swap	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	$6,600	$5,245	(Note 1)
	Interest rate cap Buy	Long-term loans payable	$735	$490	(Note 1)

12. Retirement benefit plans

(1) Overview

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.

Certain domestic and overseas subsidiaries adopt lump-sum defined benefit plans and most overseas subsidiaries adopt defined contribution pension plans.

Multi-employer pension plan which required contribution amount is recognized as retirement benefit expenses

Total accumulated funds

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Pension assets	¥38,107	¥36,729	$447,151
Retirement benefit obligations based on the financial calculations	53,527	53,301	648,904
Net Amount	¥(15,420)	¥(16,572)	$(201,753)

Contribution ratio of the Companies in the multi-employer plan assets

	2011	2012
Contribution ratio	20.44%	20.47%

Additional information

March 31, 2011

The main factors of net amount are additional amount of assets evaluation adjustment of ¥5,757 million, past service costs of ¥7,024 million, and a capital fund deficit of ¥2,639 million. Unrecognized prior service costs are amortized over 17 years.

March 31, 2012

The main factors of net amount are additional amount of assets evaluation adjustment of ¥2,843 million (US$ 34,612 thousand) and past service costs of ¥13,729 million (US$ 167,141 thousand). Unrecognized prior service costs are amortized over 19 years.

(2) Projected benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Projected benefit obligations	¥(17,926)	¥(18,120)	$(220,609)
Pension assets (Including retirement benefit trust)	14,967	15,162	184,596
Sub total	(2,958)	(2,958)	(36,014)
Unrecognized actuarial differences (Including retirement benefit trust)	1,412	1,184	14,419
Unrecognized prior service costs	(1,555)	(1,255)	(15,287)
Provision for retirement benefits	¥(3,101)	¥(3,029)	$(36,882)

Note 1. 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 as follows.

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Pension assets	¥7,584	¥7,424	$90,393

Note 2. Certain domestic and overseas subsidiaries which have lump-sum retirement payment plans adopt the simplified method of calculating the accrued retirement benefits.

(3) Retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Service costs	¥1,171	¥1,190	$14,499
Interest costs	358	362	4,413
Expected return on plan assets	(329)	(336)	(4,095)
Amortization of actuarial differences	731	558	6,799
Amortization of prior service costs	(293)	(293)	(3,578)
Contribution to defined contribution plan	3	27	332
Net retirement benefit expenses	¥1,642	¥1,508	$18,369

Note 1. Service costs include pension expense calculated by using the simplification method and amounts paid to welfare pension funds.

(4) Assumptions and policies used to calculate projected benefit obligations

	2011	2012
Method of attributing the projected benefit obligations to periods of service	Straight-line basis	Straight-line basis
Discount rates	2%	2%
Expected rates of return on plan assets	2.5%	2.5%
Amortization periods for prior service costs (*1)	Ten years	Ten years
Amortization periods for actuarial differences (*2)	Ten years	Ten years

(*1) Prior service costs are amortized using the straight-line method.

(*2) Actuarial differences are amortized from the following financial year using the straight-line method.

13. Deferred tax accounting

(1) Significant components of deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Deferred tax assets			
Allowance for doubtful accounts	¥106	¥81	$988
Provision for loss on construction contracts	536	921	11,214
Provision for retirement benefits	1,213	987	12,026
Employee pension trust, investment securities	298	270	3,297
Provision for directors' retirement benefits	50	46	563
Accrued enterprise tax etc.	200	37	459
Accrued bonuses	683	922	11,227
Costs on uncompleted construction contracts	199	192	2,346
Loss on valuation of investment securities	231	194	2,364
Loss on valuation of golf club membership	122	96	1,171
Valuation difference on available-for-sale securities	221	202	2,466
Deficit carried forward	420	216	2,641
Foreign tax credit carried forward	153	118	1,448
Other	1,081	809	9,856
Sub total	5,520	5,098	62,065
Valuation allowance	(1,222)	(898)	(10,936)
Total deferred tax assets	4,297	4,199	51,129
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(2,225)	(1,999)	(24,343)
Retained earnings of consolidated overseas subsidiaries	(496)	(533)	(6,492)
Other	(52)	(82)	(1,004)
Total deferred tax liabilities	(2,773)	(2,615)	(31,838)
Net deferred tax assets (or liabilities)	¥1,524	¥1,584	$19,291

(2) The reconciliation between the effective statutory tax rate and the actual tax rate after the application of tax effect accounting

	2011	2012
Effective statutory tax rate	40.69%	—%
(Adjustment)		
Permanent differences:		
Entertainment expenses	1.38	—
Dividend income	(1.07)	—
Equalization of inhabitants taxes	1.16	—
Valuation allowance:		
Deficit carried forward	1.31	—
Foreign tax credit carried forward	0.15	—
Loss on valuation of investment securities	(1.59)	—
Loss on valuation of golf club membership	(0.20)	—
Other	(1.44)	—
Elimination of intercompany dividends	3.00	—
Lower income tax rates applicable to income of consolidated overseas subsidiaries	(5.87)	—
Special tax reduction	(0.75)	—
Indirect foreign tax credit	(1.29)	—
Retained earnings of consolidated overseas subsidiaries	0.46	—
Other	1.48	—
Actual tax rate after the application of tax effect accounting	37.42%	—%

(*1) Reconciliation between the effective statutory tax rate and the actual tax rate after the application of tax effect accounting for the year ended March 31, 2012 is not presented. Because the difference between them is less than 5% of effective statutory tax rate.

(3) Revision of deferred tax assets and deferred tax liabilities because of change in effective statutory tax rate

The "Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Socio-Economic Structures" and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" were promulgated on December 2, 2011. Accordingly, the effective statutory tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 40.69% to 38.01% for temporary differences scheduled to be eliminated from the fiscal year beginning April 1, 2012 up to the fiscal year beginning from April 1, 2014, and to 35.64% for fiscal years beginning on and after April 1, 2015.

As a result of these changes in the tax rate, deferred tax assets (deducted deferred tax liabilities) decreased by ¥31 million (US$ 382 thousand) and deferred gains or losses on hedges decreased by ¥0 million (US$ 2 thousand) and income taxes-deferred increased by ¥285 million (US$ 3,482 thousand) and valuation difference on available-for-sale securities increased by ¥254 million (US$ 3,101 thousand).

14. Business combination

March 31, 2012

(1) Business combination by acquisition of shares

Overview of business combination

Name and business description of acquired company

Name	Geico S.p.A.
Business description	Providing design and construction for paint finishing system for automobile manufacturers

Reason of business combination

For expanding paint finishing system business of the Company and enhancing our engineering technology.

Date of business combination

May 19, 2011

Legal form of business combination

Stock acquisition

Acquired company's name after acquisition

Geico S.p.A.

Acquired percentage of voting rights

51.0%

Basis of the acquisition

The Company acquired stocks of Geico S.p.A. by cash.

Fiscal year of the acquired company included in this financial statement

From April 1, 2011 to December 31, 2011

Acquisition cost and detail

		Millions of yen	Thousands of U.S. dollars
Stock price	Stock price of Geico S.p.A.	¥2,717	$33,084
Direct cost for acquisition	Advisory fee etc.	71	866
Acquisition cost		¥2,788	$33,950

Amount of goodwill, reason for recognition and amortization method and amortization period

Amount of goodwill

¥2,611 million (US$ 31,788 thousand)

Reason for recognition

It is excess earning capacity expected by expanding business of the Companies and enhancing our engineering technology.

Amortization method and period

Straight-line method over twenty years

Detail of assets and liabilities received at the date of acquisition

	Millions of yen	Thousands of U.S. dollars
Current assets	¥4,009	$48,807
Noncurrent assets	795	9,679
Total assets	4,804	58,487
Current liabilities	3,811	46,402
Noncurrent liabilities	605	7,369
Total liabilities	¥4,416	$53,771

15. Asset retirement obligations

Based on real estate lease contracts, the Companies have some obligations to restore rental properties at a termination. The obligations are recognized by decreasing lease deposits.

16. Segment information

(1) Overview of reportable segments

The reportable segments of the Companies are components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resource allocation and to assess performance.

The Companies set their divisions according to kinds of construction equipment and each division plans the comprehensive domestic and foreign strategies and do business based on the strategies. The Companies have two reportable segments "Green Technology System Division" and "Paint Finishing System Division".

"Green Technology System Division" mainly designs, manages and constructs building HVAC for office buildings and industrial HVAC for manufacturing facilities, laboratories. This division also produces and sells related equipments.

"Paint Finishing System Division" mainly designs, manages and constructs automobile paint plants and sells related equipments.

(2) Calculation method of sales and profits or losses, assets or liabilities and others

The accounting treatment of reportable segments is almost all the same as the one the Companies apply when preparing the consolidated financial statements.

Internal profits and transfer amounts between the segments are calculated based on the market price.

(3) Sales and profits or losses, assets or liabilities and others by reportable segments

March 31, 2011

Millions of yen

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Sales					
Sales to customers	¥103,125	¥38,034	¥141,160	¥—	¥141,160
Intersegment	4	75	79	(79)	—
Total	103,130	38,109	141,240	(79)	141,160
Segment profit	2,219	3,494	5,714	451	6,166
Segment assets	69,667	26,646	96,314	36,383	132,698
Other items					
Depreciation Expenses	519	528	1,047	19	1,067
Interest income	58	105	163	25	189
Interest expenses	36	36	73	20	94
Equity in earnings of affiliates	—	82	82	—	82
Investments in associates accounted for using the equity method	—	366	366	—	366
Increase in tangible and intangible assets	¥199	¥316	¥516	¥175	¥692

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

Eliminations/ Corporate of Segment profit of ¥451 million includes non-allocatable common costs of ¥471 million and other adjustment of minus ¥20 million. Non-allocatable common costs is mainly dividend income etc. which are not attribute to any reportable segments.

Eliminations/ Corporate of Segment assets of ¥36,383 million is elimination of receivable and payable etc. of minus ¥2,409 million and non-allocatable common assets that is not allocated to any segments of ¥38,793 million. Non-allocatable common assets is mainly cash and deposit, short-term investment securities, tangible fixed assets, investment securities and deferred tax assets etc. which are not attribute to any reportable segments.

Eliminations/ Corporate of Increase in tangible and intangible assets of ¥175 million is mainly buildings and accompanying facilities etc. in headquarters.

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

March 31, 2012

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
	Millions of yen				
Sales					
Sales to customers	¥127,176	¥62,540	¥189,716	¥—	¥189,716
Intersegment	3	36	39	(39)	—
Total	127,180	62,576	189,756	(39)	189,716
Segment profit	3,463	5,523	8,986	46	9,033
Segment assets	81,618	45,191	126,809	29,299	156,108
Other items					
Depreciation Expenses	493	704	1,197	3	1,201
Amortization of goodwill	—	92	92	—	92
Interest income	78	132	211	50	261
Interest expenses	78	124	202	29	231
Equity in earnings of affiliates	—	75	75	—	75
Investments in associates accounted for using the equity method	—	412	412	—	412
Increase in tangible and intangible assets	¥248	¥1,096	¥1,345	¥209	¥1,555

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

Eliminations/ Corporate of Segment profit of ¥46 million (US$ 568 thousand) includes non-allocatable common costs of ¥42 million (US$ 512 thousand) and other adjustment of ¥4 million (US$ 57 thousand). Non-allocatable common costs is mainly dividend income etc. which are not attribute to any reportable segments.

Eliminations/ Corporate of Segment assets of ¥29,299 million (US$ 356,701 thousand) is elimination of receivable and payable etc. of minus ¥4,010 million (minus US$ 48,822 thousand) and non-allocatable common assets that is not allocated to any segments of ¥33,309 million (US$ 405,523 thousand). Non-allocatable common assets is mainly cash and deposit, short-term investment securities, tangible fixed assets, investment securities and deferred tax assets etc. which are not attribute to any reportable segments.

Eliminations/ Corporate of Increase in tangible and intangible assets of ¥209 million (US$ 2,555 thousand) is machinery, equipment and vehicles, tools, furniture and fixtures and software etc. those are not attribute to any reportable segments.

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

March 31, 2012

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
	Thousands of U.S. dollars				
Sales					
Sales to customers	$1,548,294	$761,384	$2,309,678	$—	$2,309,678
Intersegment	40	440	480	(480)	—
Total	1,548,334	761,824	2,310,158	(480)	2,309,678
Segment profit	42,167	67,239	109,407	568	109,975
Segment assets	993,648	550,173	1,543,821	356,701	1,900,522
Other items					
Depreciation Expenses	6,008	8,576	14,584	42	14,627
Amortization of goodwill	—	1,127	1,127	—	1,127
Interest income	957	1,619	2,576	609	3,186
Interest expenses	951	1,510	2,461	354	2,816
Equity in earnings of affiliates	—	920	920	—	920
Investments in associates accounted for using the equity method	—	5,018	5,018	—	5,018
Increase in tangible and intangible assets	$3,027	$13,351	$16,378	$2,555	$18,933

(4) Information by region

Sales by regions

March 31, 2011

Japan	North America	South East Asia		East Asia		India	Other	Total
Millions of yen								
		Thailand	Other South East Asia	China	Other East Asia			
¥78,539	¥1,916	¥15,849	¥13,183	¥20,765	¥1,472	¥5,454	¥3,979	¥141,160

Note 1. Sales are classified to the countries or regions based on their customers' location.

March 31, 2012

Japan	North America	South East Asia		East Asia		India	Other	Total
Millions of yen								
		Thailand	Other South East Asia	China	Other East Asia			
¥92,347	¥11,074	¥23,447	¥16,174	¥20,873	¥3,791	¥10,243	¥11,764	¥189,716

Note 1. Sales are classified to the countries or regions based on their customers' location.

March 31, 2012

Japan	North America	South East Asia (Thousands of U.S. dollars)		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
$1,124,270	$134,826	$285,454	$196,913	$254,123	$46,161	$124,713	$143,219	$2,309,678

Tangible fixed assets by regions

March 31, 2011

Millions of yen

Japan	Thailand	Indonesia	India	Other	Total
¥5,292	¥492	¥322	¥511	¥147	¥6,765

March 31, 2012

Millions of yen

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
¥4,981	¥404	¥288	¥343	¥588	¥392	¥160	¥7,158

March 31, 2012

Thousands of U.S. dollars

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
$60,643	$4,928	$3,511	$4,185	$7,160	$4,776	$1,951	$87,154

(5) Information by main customers

March 31, 2011

Millions of yen

Customers name	Sales	Reportable segment
Takenaka corporation	¥16,815	Green Technology System Division

March 31, 2012

This item is omitted because sales to no external customer represented 10% or more of sales of the consolidated statements of income.

(6) Impairment loss of the noncurrent assets by reportable segments

March 31, 2011

Millions of yen

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Impairment loss	¥—	¥—	¥—	¥1	¥1

Note 1. Impairment loss is not allocated to reportable segments. The principal factor of impairment loss is the impairment on idle assets.

March 31, 2012

Millions of yen

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Impairment loss	¥0	¥0	¥0	¥129	¥130

Note 1. Impairment loss is not allocated to reportable segments. The principal factors of impairment loss are the impairment on idle assets and the assets that will be removed because of the relocation of head office of the Company.

March 31, 2012

Thousands of U.S. dollars

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Impairment loss	$5	$2	$7	$1,579	$1,586

(7) Amortization and balance of goodwill by reportable segment

March 31, 2011

There is nothing applicable.

March 31, 2012

Millions of yen

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Goodwill	¥—	¥2,152	¥2,152	¥—	¥2,152

Note 1. Amortization of goodwill is omitted because it is already disclosed in the "Segment information".

March 31, 2012	Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Goodwill	$—	$26,210	$26,210	$—	$26,210

(8) Gain on negative goodwill by reportable segments

March 31, 2011

In the fiscal year, the Company additionally purchased the stocks of three subsidiaries such as San Esu Industry Co., Ltd. Therefore, the Companies recognized gain on negative goodwill. This negative goodwill is not allocated to any reportable segments because this negative goodwill have no relation with any reportable segments.

March 31, 2012

There is nothing applicable.

17. Related party transaction

March 31, 2011

There is nothing applicable.

March 31, 2012

There is nothing applicable.

18. Detail of bonds

There is nothing applicable.

19. Detail of loans

March 31, 2012	Millions of yen		Thousands of U.S. dollars			
	Beginning balance	Ending balance	Beginning balance	Ending balance	Average interest rate	Maturity
Short-term loans payable	¥2,596	¥3,891	$31,226	$47,375	3.739%	—
Current portion of long-term loans payable	118	285	1,425	3,471	2.570%	—
Current portion of lease obligations	50	42	602	512	—	—
Long-term loans payable (excluding current portion)	568	924	6,833	11,256	2.833%	August 2014 to May 2023
Lease obligations (excluding current portion)	74	72	898	879	—	January 2013 to March 2017
Total	¥3,407	¥5,215	$40,984	$63,495	—	—

Note 1. The "Average interest rate" is the weighted average interest rate for the ending balance of loans etc.

Note 2. The average interest rate on lease obligations is not presented because interest equivalents in the total lease obligation is allocated to expenses every year by straight-line method.

Note 3. The annual repayment schedule of long-term loans payable and lease obligations (excluding current portion) subsequent to March 31, 2012 is as follows.

	Millions of yen			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term loans payable	¥291	¥199	¥112	¥70
Lease obligations	¥28	¥22	¥17	¥3

	Thousands of U.S. dollars			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term loans payable	$3,547	$2,435	$1,366	$859
Lease obligations	$349	$272	$213	$45

20. Detail of asset retirement obligations

This item is omitted because asset retirement obligations represented less than 1% of total assets at the beginning of this fiscal year and at the end of this fiscal year, respectively.

21. Subsequent events

There is nothing applicable.

REPORT OF INDEPENDENT AUDITORS

Independent auditor's report

To the Board of Directors of Taikisha Ltd.,

We have audited the accompanying consolidated financial statements of Taikisha Ltd. and its subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statement of income, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Taikisha Ltd. and its subsidiaries as at March 31, 2012, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Tokyo, Japan

June 28, 2012

Corporate Directory

(As of July 1, 2012)

Location of bases	FOUNDATION

1. **Taikisha Ltd.** — 1913
Sumitomo Fudosan Shinjuku Grand Tower, 8-17-1, Nishi-Shinjuku Shinjuku-ku, Tokyo, 160-6129, Japan
Tel: 81-3-3365-5320 Fax: 81-3-5338-5195

2. **San Esu Industry Co., Ltd.** — 1976
3-24 Ikaga Midori-machi, Hirakata-shi, Osaka, 573-0067, Japan
Tel: 81-72-845-0128 Fax: 81-72-845-1660

3. **Nippon Noise Control Ltd.** — 1986
7th Floor Tombo Tokyo Bldg., 2-22-8, Yanagibashi, Taito-ku, Tokyo, 111-0052, Japan
Tel: 81-3-5822-3691 Fax: 81-3-5822-3692

4. **Tokyo Taikisha Service Ltd.** — 2000
5th Floor Mitsuwa Ogawacho Bldg., 3-7-1, Kandaogawacho, Chiyoda-ku, Tokyo 101-0052, Japan
Tel: 81-3-5282-3115 Fax: 81-3-5280-2900

5. **Custom Ace Co., Ltd.** — 1989
1-7-10, Shingashi, Itabashi-ku, Tokyo, 175-0081, Japan
Tel: 81-3-3935-8843 Fax: 81-3-3932-0470

6. **Taniyama Co., Ltd.** — 1907
18 Kitahatsusimacho, Amagasaki-shi, Hyogo, 660-0834, Japan
Tel: 81-6-4868-3530 Fax: 81-6-4868-3672

7. **TKS Industrial Company** — 1981
901 Tower Drive, Suite 150, Troy, Michigan 48098-2817, U.S.A.
Tel: 1-248-786-5000 Fax: 1-248-786-5001

Location of bases	FOUNDATION

8. **Taikisha Canada Inc.** — 1985
901 Tower Drive, Suite 150, Troy, Michigan 48098-2817, U.S.A.
Tel: 1-248-786-5000 Fax: 1-248-786-5001

9. **Taikisha de Mexico, S. A. de C.V.** — 1990
Homero No. 407, Piso 7, Col. Chapultepec Morales, 11570 Mexico D. F., Mexico
Tel: 52-555-250-7128 Fax: 52-55-5250-6178

10. **Taikisha do Brasil Ltda.** — 1996
Rua Maestro Cardim, 1293-CJ.102-10º Andar-bera Vista-Sao PAULO-SP-CEP:01323-001
Tel: 55-11-2386-3409 Fax: 55-11-2386-3409

11. **Taikisha (Singapore) Pte. Ltd.** — 1985
1 Commonwealth Lane #06-27 One Commonwealth, Singapore 149544
Tel: 65-6223-9928 Fax: 65-6223-9328

12. **Taikisha (Thailand) Co., Ltd.** — 1971
6th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500, Thailand
Tel: 66-2-236-8055 Fax: 66-2-236-3502

13. **Taikisha Trading (Thailand) Co., Ltd.** — 1983
6th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500, Thailand
Tel: 66-2-236-8055 Fax: 66-2-236-3502

14. **Thaiken Maintenance & Service Co., Ltd.** — 1990
445 Moo 17, Thepharak Rd., T. Bangsaothong Sub District Bangsaothong Samutprakarn 10540, Thailand
Tel: 66-2-705-8744 Fax: 66-2-705-8748

Location of bases	FOUNDATION

15. **Token Interior & Design Co., Ltd.** — 1986
9th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500, Thailand
Tel: 66-2-236-9103 Fax: 66-2-236-0119

16. **TKA Co., Ltd.** — 1991
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

17. **Taikisha Engineering (M) Sdn. Bhd.** — 1989
Suite W306 & W307, 3rd Floor West Wing, Wisma Consplant 1 No.2 Jalan SS 16/4 Subang Jaya, Selangor 47500 Malaysia
Tel: 60-3-5632-5711 Fax: 60-3-5637-9644

18. **P.T. Taikisha Indonesia Engineering** — 1990
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

19. **P.T. Taikisha Manufacturing Indonesia** — 2004
Jl. Permata V Lot EE-5, Kawasan Industri KIIC, Karawang 41361, West-Java, Indonesia
Tel: 62-21-8911-4831 Fax: 62-21-8911-4833

20. **Taikisha Philippines Inc.** — 1995
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

Location of bases	FOUNDATION

21 Taikisha Vietnam Engineering Inc. — 1998
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

22 Taikisha (Cambodia) Co., Ltd. — 2011
#37&39 Trapaingkol Village, Sangkat Kantouk, Khan Dangkor, Phnom Penh, Cambodia
Tel: 855-23-729-317　Fax: 855-23-729-318

23 Wuzhou Taikisha Engineering Co., Ltd. — 1994
#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

24 Beijing Wuzhou Taikisha Equipment Co., Ltd. — 2002
#1116, Beijing Fortune Bldg., #5 Dong San Huan Bei Lu, Chaoyang District, Beijing 100004, China
Tel: 86-10-6590-8253　Fax: 86-10-6590-8250

25 TianJin Taikisha Paint Finishing System Ltd. — 2010
No7, Road 7, Economic Development Zone of Jinghai, Tianjin, 301600, China
Tel: 86-22-6829-9518　Fax: 86-22-6829-9510

26 Taikisha (Taiwan) Ltd. — 1989
4th Floor, Sheng Yang Bldg., No. 337, Sec 1, Tung Hwa S. Rd., 10685 Taipei, Taiwan R.O.C.
Tel: 886-2-2706-4327　Fax: 886-2-2706-4328

Location of bases	FOUNDATION

27 Taikisha Korea Ltd. — 1992
#1208 Kolon Digital Tower Villant 1st, 222-7, Guro-dong, Guro-gu, Seoul, 152-777, Korea
Tel: 82-27-830-270　Fax: 82-27-830-274

28 Taikisha Europe Ltd. — 1989
5th Floor, Delta View, 2309 Coventry Road, Sheldon, Birmingham B26 3PG, U.K.
Tel: 44-121-700-1140　Fax: 44-121-742-4035

29 Geico S.p.A. — 1905
Via Cornaggia 58 20092 Cinisello Balsamo, Milano, Italy
Tel: 39-2-660221　Fax: 39-2-66022

30 Geico Brasil Ltda. — 1995
Rua Francisco Rocha, 2113 CEP. 80710-540 Bigorrilho - Curitiba Paranà - Brasil
Tel: 55-41-3019-2727　Fax: 55-41-3336-7534

31 Geico Paint Shop India Private Ltd. — 2006
A-4, 5th Floor The 5th Avenue, Dhole Patil Road, 411001 Pune - Maharashtra India
Tel: 91-203-056-5555　Fax: 91-203-056-5570

32 Geico Painting Equipment Manufacture (Suzhou) Co., Ltd. — 2011
Unit H, No.2, Zhongxin Technology Industrial Factory, 1 Kezhi Road, Suzhou Industrial Park, Suzhou, China
Tel: 86-512-8555-0276

Location of bases	FOUNDATION

33 Geico Russia Limited Liability Company — 2011
15 Akademika Tupoleva Street, bld. 24, Moscow, 105005, Russia
Tel: 7-495-988-3783　Fax: 7-495-988-3789

34 Taikisha Engineering India Ltd. — 1995
Plot No. 404, Udyog Vihar, Phase-IV, Gurgaon-122 001, Haryana, India
Tel: 91-124-234-8246　Fax: 91-124-234-8247

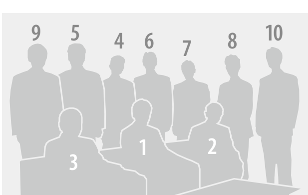
35 "Taikisha (R)" LLC. — 2009
Russia, 248025 Kaluga, Ul. Promishlennaya, d. 36A,
Tel: 7-499-703-0115　Fax: 7-499-703-0115

36 Shanghai Dongbo-Taiki Conveyor System & Manufacturing Co., Ltd. — 2002
#1128 Pine City Hotel, #.8, Dong An Rd., Xuhui Dist., Shanghai 200032, China
Tel: 86-21-6443-0780　Fax: 86-21-6443-9478

37 Tianjin Dongchun-Taiki Metal Finishing Conveyor System Manufacturing Co., Ltd. — 2004
Yang Cheng Zhuang Bridge Southwest Side, Jinghai County, Tianjin 301617, China
Tel: 86-22-6864-5848　Fax: 86-22-6864-5849

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, Executive Corporate Officer
Kiyoshi Hashimoto

6. Director, Managing Corporate Officer
Kouji Kato

7. Director, Managing Corporate Officer
Toshiaki Shiba

8. Director, Managing Corporate Officer
Masashi Osada

9. Director, Managing Corporate Officer
Tetsuya Ogawa

10. Director
Shuichi Murakami

Corporate Auditor
Makoto Muneoka

Corporate Auditor
Mitsuru Sano

Corporate Auditor
Katsuzo Konishi

Corporate Auditor
Yoshikatsu Nakajima

Corporate Auditor
Junichi Noro

Corporate Data

Corporate Name:	Taikisha Ltd.
Head Office:	Sumitomo Fudosan Shinjuku Grand Tower, 8-17-1, Nishi-Shinjuku Shinjuku-ku, Tokyo 160-6129, Japan Tel: 81-3-3365-5320 Fax: 81-3-5338-5195
Established:	April 10, 1913
Sales:	¥189,716 million (Consolidated: year ended March 2012)
Number of Employees:	4,350 (Consolidated: as of March 2012)

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.

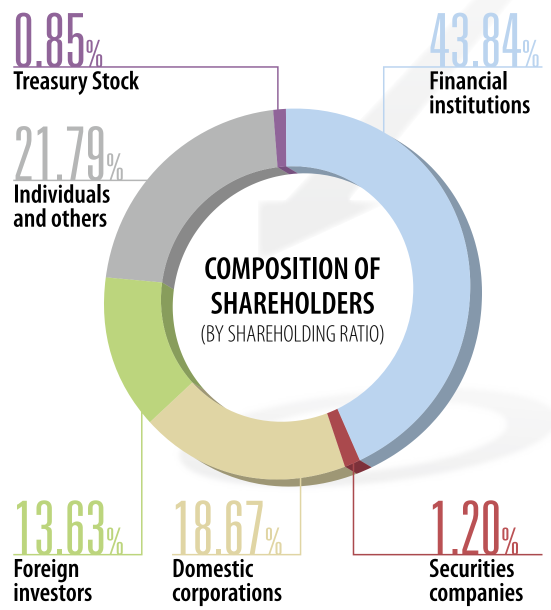
History

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 opened 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 opened in Ho Chi Minh City, Vietnam
1996 Taikisha do Brasil Ltda. established in São Paulo, Brazil
1997 Representative office opened in Hong Kong
1998 Taikisha Vietnam Engineering Inc. established in Hanoi
1999 Branch office of Taikisha Europe opened 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
2010 Tianjin Taikisha Paint Finishing System Ltd. established in Tianjin, China.
2011 Formed a capital and business alliance with Geico S.p.A..
Taikisha (Cambodia) Co., Ltd. established in Phnom Penh, Cambodia

Investor Information

(As of March 31, 2012)

Authorized number of shares	100,000,000
Number of issued shares	36,782,009
Number of shareholders	4,194



Major Shareholders (top10 companies and individuals)

Shareholder's Name	Number of share held (in thousands)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,751	10.2
Japan Trustee Services Bank, Ltd. (trust account)	3,682	10.0
Kenzaisha Ltd.	2,000	5.4
Keiji Uenishi	1,101	2.9
Ruriko Uenishi	1,089	2.9
Nippon Life Insurance Company	1,082	2.9
Taikisha Business Partners Shareholders' Association	1,030	2.8
Dai ni Kenzaisha Ltd.	1,000	2.7
Taikisha Employee Stock Ownership Plan (ESOP)	760	2.0
Mizuho Corporate Bank, Ltd.	699	1.9

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

Thank you for reading this Taikisha Annual Report 2012.

We would greatly appreciate it if you would take a few minutes to share your opinions or comments concerning this annual report with us. We will use your feedback for reference purposes when editing the Company's future annual reports and IR publications.

The Annual Report 2012 Questionnaire can be accessed at the following URL:
http://www.taikisha-group.com/ir/library/annual.html

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