ANNUAL REPORT 2013

APR. 2012 - MAR. 2013

100th anniversary

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

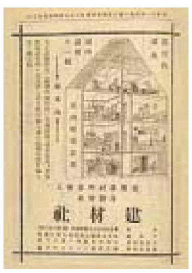
1) Make efforts to continue growth through increasing added value, and aim to create prosperity for customers and affiliated companies as well as affluent lives for employees.

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.

Centennial Taikisha

This year, Taikisha is celebrating the 100th anniversary of its original foundation on April 10, 1913.

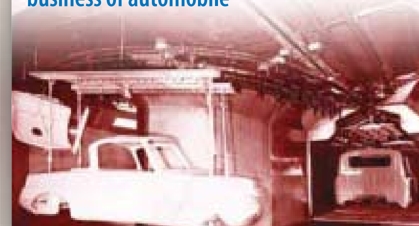
1913 — Founded under the name of joint-stock company "Kenzaisha"



1918 — Started in earnest the building equipment business

1934 — Supported development of Japan's fiber industry

1953 — Made an advance in painting equipment business of automobile

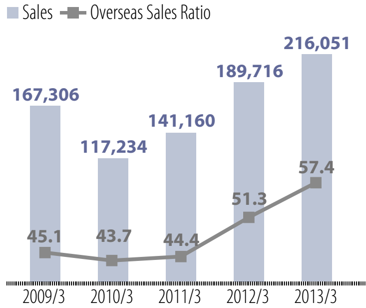


1954 — Changed from spinning air conditioning to clean room

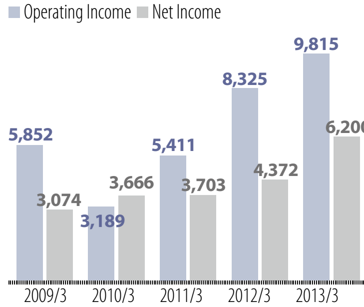
1971 — Established first overseas subsidiary

Financial Highlights

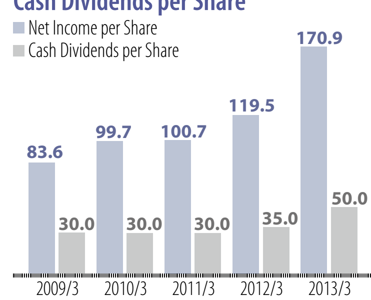
Sales & Overseas Sales Ratio (Millions of yen, %)



Operating Income & Net Income (Millions of yen)



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

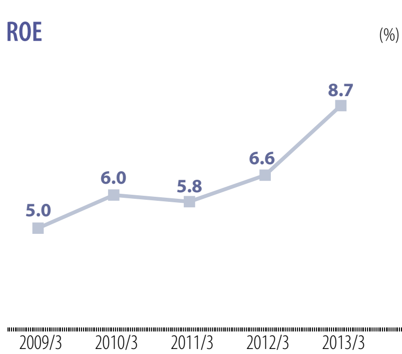


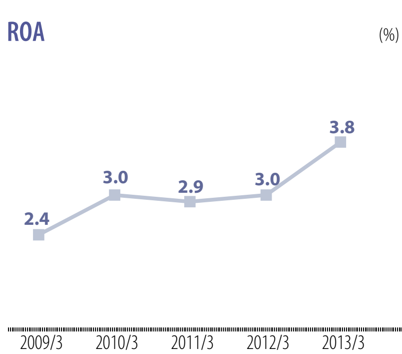
2. Creating an attractive company

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”.





CONTENTS

Starting a second century of operation this year, we will take advantage of our accumulated strengths to evolve as a company that continues to grow into the future.

New President Satoru Kamiyama provides an overview of the past year and presents his vision for the future.

In this year, Taikisha Ltd. celebrated the 100th anniversary of the foundation, as originally founded on April 10, 1913 as Kenzaisha, a joint stock company. Fully aware that we owe our longevity entirely to your unwavering patronage and support, we wish to express our heartfelt gratitude to all of you.

During the fiscal year ended March 31, 2013, the global economy gradually recovered overall supported by steady economies in the United States and Southeast Asia despite negative effects such as the lingering debt issue in Europe and the slowing of growth in the Chinese economy. Since the change of government at the end of calendar year 2012, the Japanese economy has seen signs of an upturn such as an adjustment to longstanding yen appreciation and the rise of stock prices. Under these circumstances, we engaged in implementing various initiatives, including continued active expansion of our overseas operations and development of energy-saving and environmental technologies with continuous cost-reduction efforts.

These efforts resulted in substantial gains in orders received, net sales and net income during this fiscal year due primarily to growth in orders received in Southeast Asia and Central and South America and in net sales in Thailand, Singapore and China.

We formulated and announced a new Mid-Term Business Plan in May 2013, which will end in March 31, 2016. The new Plan identifies policies and goals for continuous Group growth, based on the theme of "establishing a management foundation that facilitates perpetual operations, while contributing to stakeholders by increasing corporate value." Details of the new Mid-Term Business Plan are presented on page 5.

In accordance with our "Customers First" corporate policy, the Group will continue to contribute to the global environment by deploying our environmental technologies associated with "energy, air and water" while further expanding our business on a global scale.

We respectfully ask your understanding of our management policies and your continued guidance and support.

Satoru Kamiyama
President and Representative Director

S. Kamiyama

Q1 Please tell us your plans as the Company's newly appointed President.

I took office as President on April 1 this year. Thanks to our stakeholders' long-term patronage and support, we celebrated the 100th anniversary of the foundation on this April 10.

Committed to making an enduring contribution to society through our business in the coming era, we will seek not only to increase our profitability over the medium term, but also to establish a management base that enables us to respond quickly to changing social demands (economic, environmental and social value) and to conduct sustainable corporate activities.

We also have DNA of "overseas development" inherited for many years. We will seek to develop as a company that responds to global economic growth, through cherishing the paths laid by our predecessors.

Q2 What do you think about the fiscal year ended March 2013?

The fiscal year ended March 31, 2013 was the final year of our previous Mid–Term Business Plan. We succeeded in achieving all our targets for orders received, net sales, operating income, ordinary income and net income. Remarkably, net sales and net income charted highest past record.

As the background to these results, I would point to the facts that many Japanese companies, including electrical and electronic parts manufacturers, are accelerating their entry into the BRICs and the Asian region, and that local manufacturers are raising their capital investment while growing their businesses. Our Group has taken full advantage of our global network to respond steadily to growing overseas demand for construction, efforts that have led to higher net sales in Thailand, Singapore, the Philippines, China and other countries.

We have focused, at the same time, on establishing a management base that enables us to attain sustainable growth while reinforcing our corporate governance in Japan and overseas companies. These efforts are showing clear results.

Overall, I consider it an extremely fulfilling year.

Q3 What are the basic policies and target figures laid out in the recently announced Mid-Term Business Plan?

We have stipulated two basic policies in our new Mid-Term Business Plan.

The first is to "establish a management base that enables us to respond quickly to changing social demands (economic, environmental and societal value) and to conduct sustainable corporate activities." Specifically, we will continue to improve our management systems to ensure transparency, soundness and compliance with laws pertaining to management, at the same time reinforcing corporate governance throughout the Group as a whole from a global standpoint. We will also create organizations that can respond quickly and flexibly to market changes, and reorganize the Group companies according to their functions and roles. We will, at the same time, emphasize growing markets as well as related or new businesses in order to expand our scope of business and acquire more added values.

The second basic policy is to "raise our corporate value and contribute to all our stakeholders." Specifically, we have defined the following five objectives:

1. We will increase our customers' environmental value and contribute to preservation of the global environment with our eco-friendly technologies concerned with CO_2 reduction and pollution prevention.
2. We will conduct business operations in a manner our shareholders find attractive by improving our capital efficiency, while enhancing our corporate value and maintaining stable dividends.
3. We will provide "safe and reliable technologies" and "attractive and reassuring services" at optimal prices to meet customers' expectations and secure their continued confidence.
4. We will pursue steady improvement of our operating processes to realize stable and high-quality operations.
5. We will support and develop our human resources with professionalism and a broad perspective to secure our corporate advantage and create a highly appealing Group.

In accordance with these basic policies, our headquarters and divisions have formulated practical action plans. We will break down these into the individual work and conduct secure progress management. This will enable us to achieve the targeted business results presented below:

Mid-Term Business Goals of Our Group (consolidated)

(Millions of yen)

	2014/3	2015/3	2016/3
Orders received	229,000	225,000	232,000
Net sales	215,000	222,000	228,000
Operating income	9,400	9,900	10,600
Ordinary income	10,000	10,400	11,100
Net income	5,700	6,000	6,400

(Assumed exchange rates: US$1 = ¥97, €1 = ¥126, ฿1 = ¥3.3)

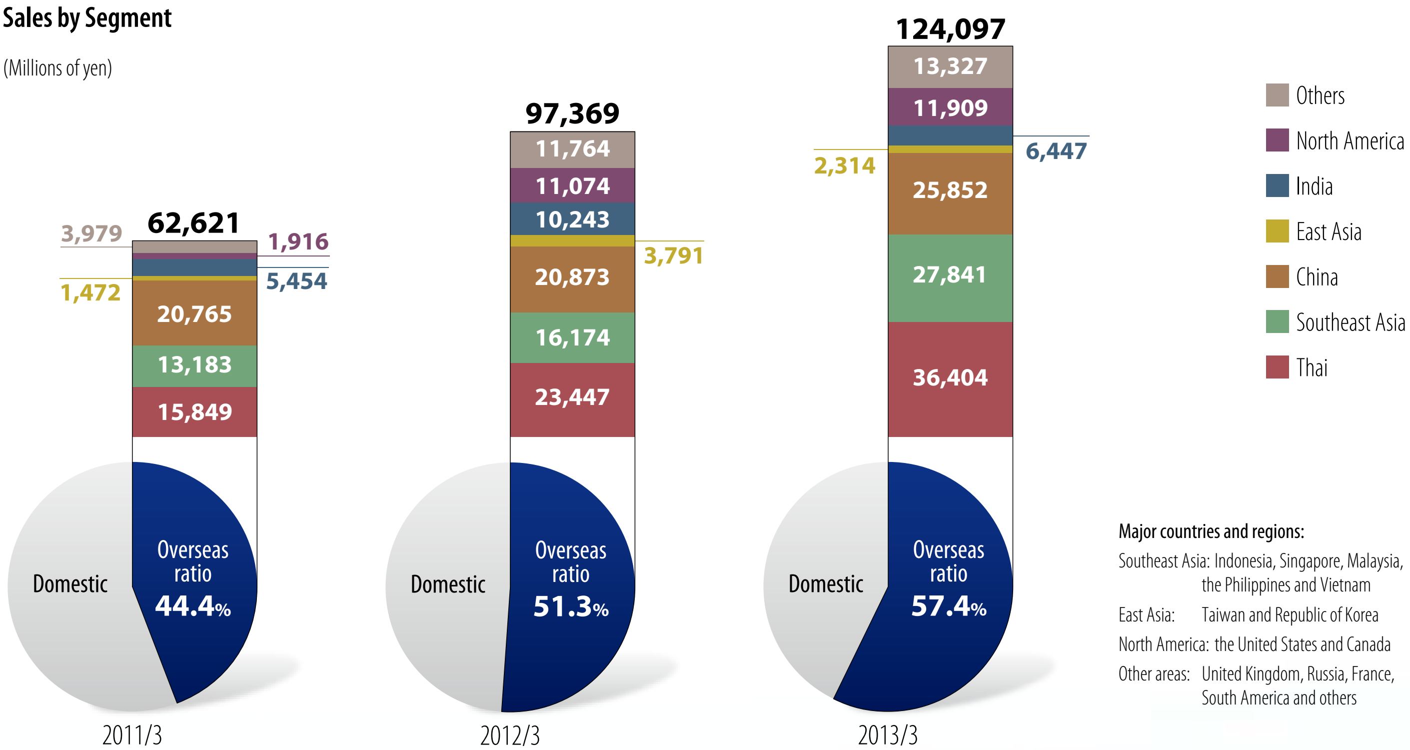
Q4 What are your plans concerning high-growth overseas markets? And what is your overall strategy with respect to overseas operations as you look to the future?

Our driving force for the Group's business growth is overseas construction with a primary focus on the BRICs and Asian markets. When it comes to overseas projects, we have to compete with local and foreign companies other than Japanese companies. Besides offering superior cost and quality performance, we believe our abilities to complete projects on schedule and to provide eco-friendly design and high-quality equipment within the budget are unique strengths that our overseas competitors cannot match. We will make the most of these strengths to pursue opportunities overseas.

We will seek to achieve our targets for overseas orders received totaling ¥152,200 million and for overseas net sales totaling ¥149,600 million in the fiscal year ending March 31, 2016, the last fiscal year of the new Mid-Term Business Plan.

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

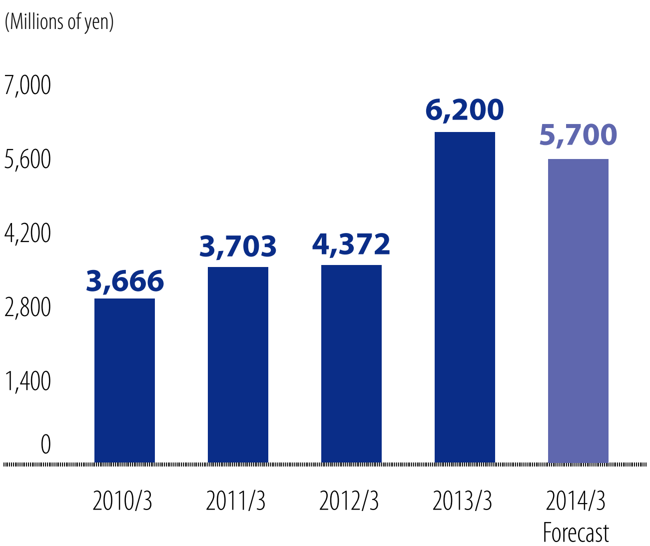
Q5 What is the perspective regarding the return of profits to your shareholders, and what dividends do you anticipate for the fiscal year ending March 2014?

We consider the return of profits to our shareholders through dividends as one of our most important responsibilities. While targeting a consolidated dividend payout ratio of 30%, we plan to make these returns from the perspective of dividend stability.

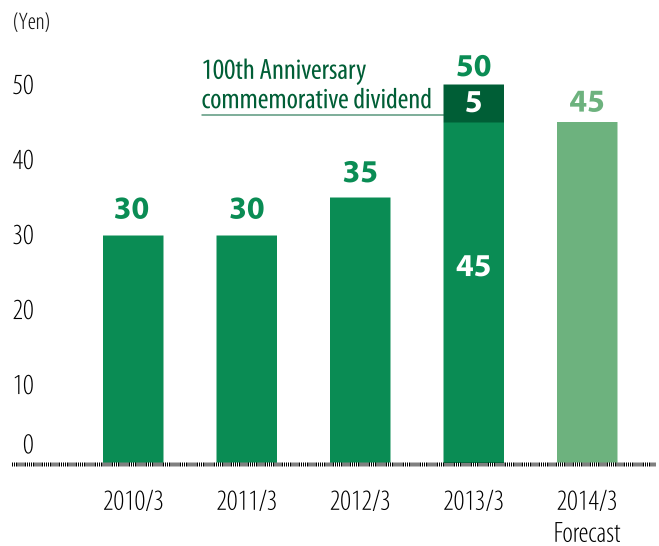
The year-end dividend per share for the fiscal year ended March 2013 increased by ¥15 from the previous period to ¥35 (including a centennial commemorative dividend of ¥5), a rise reflecting the higher profits achieved than those targeted at the beginning of the period. Combined with the interim dividend per share of ¥15, this brought the annual dividend per share to ¥50.

For the current fiscal year ending March 2014, we plan to pay a per-share dividend of ¥45, the sum of an interim dividend of ¥20 and a year-end dividend of ¥25.

Net Income



Cash Dividends



The Company paid a performance-based dividend of ¥50 per share for the fiscal year ended March 2013. It plans to raise the dividend to ¥45 per share for the fiscal year ending March 2014.

Green Technology System Division

Business Overview / Business Report for the Fiscal Year under Review

Green Technology System Division operates a Building HVAC* business (for office buildings) and an Industrial HVAC business (for clean rooms and other manufacturing facilities) that designs and constructs HVAC systems both in Japan and overseas. The Division is also pursuing active efforts to expand its operations to peripheral fields by developing systems that employ hydrogen peroxide to decontaminate pharmaceutical manufacturing rooms, for example, and vegetable factory systems that rely completely on artificial light.

As concerns Green Technology System Division's results for the fiscal year ended March 31, 2013, orders received totaled ¥124,736 million (3.9% year-on-year increase), and net sales totaled ¥137,222 million (7.9% year-on-year increase).

*Heating, ventilation, and air conditioning

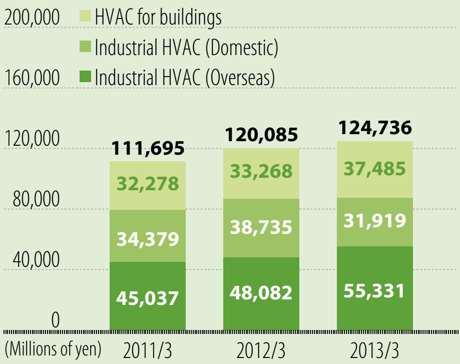
Topics

Reconstruction of the department store with the highest sales volume in Japan

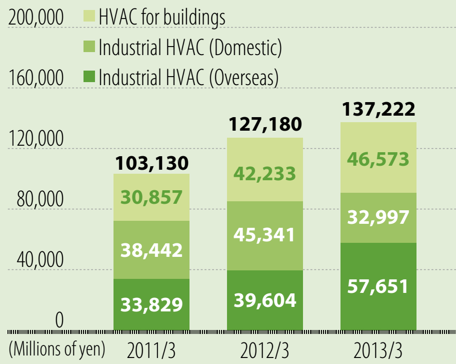
A reconstruction project for the Umeda Main Store, the flagship store of Hankyu Hanshin Department Stores, Inc., was completed in January 2013. The project attracted worldwide attention because the large building, which had undergone nine expansions since its opening in April 1929, was dismantled and rebuilt one half at a time, while its occupant, Umeda Main Store, continued to conduct business in the other half.

The Company was responsible for installation of HVAC and sanitary systems throughout the full eight-year construction period.

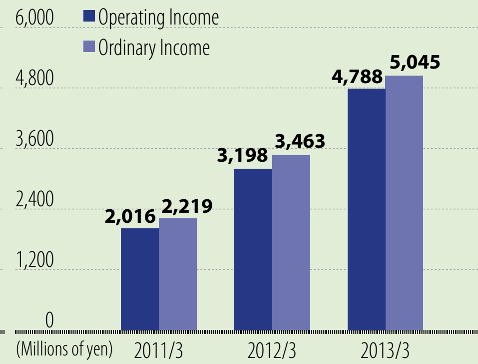
Orders Received by Segment



Sales by Segment



Operating Income / Ordinary Income by Segment



Participation in a major international pharmaceutical trade show

The Company exhibited at the 26th INTERPHEX JAPAN — Int'l Pharmaceutical R&D and Manufacturing Expo/Conference held in Tokyo from July 10 to July 12, 2013. The world's leading professional pharmaceutical technology exhibition, INTERPHEX JAPAN displays all the latest equipment, systems and technologies for the manufacture and research and development of pharmaceuticals, cosmetics and detergents. The Company exhibited to promote sales of its "Taicom" HVAC monitoring system based on a unique technology, "HYPER DRYDECO" hydrogen peroxide-based decontamination system for pharmaceutical manufacturing rooms, and "Validation Ace-M" germ-free HVAC validation support system. Going forward, the Company will continue its efforts to increase the number of orders from its customers for products and services suitable for market needs.

Paint Finishing System Division

Business Overview / Business Report for the Fiscal Year under Review

Paint Finishing System Division operates an automobile paint plant design and construction business and a conveyor system manufacturing business, whose major customer is Japanese and overseas automobile manufacturers. Its operations comprise a total engineering business concerned with enhancing automobile painting quality and paint transfer efficiency as well as with reducing the overall environmental burden imposed by paint plants. The Division has its world leadership in terms of both technological capabilities and market share.

As concerns Paint Finishing System Division's results for the fiscal year ended March 31, 2013, orders received totaled ¥71,184 million (5.3% year-on-year decrease), and net sales totaled ¥78,916 million (26.1% year-on-year increase).

Topics

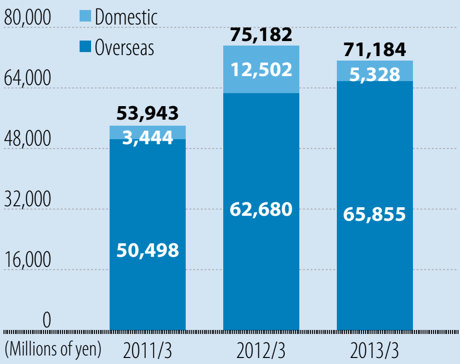
BRAZIL

First-ever Order for entire paint system from Fiat Brazil

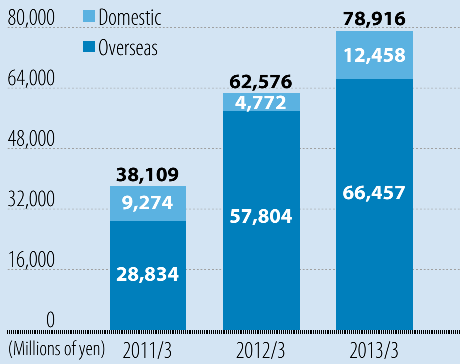
In December 2012, the Company's global alliance partner Geico S.p.A. received an order for a new paint plant project valued at approximately ¥15.2 billion from Italian automaker Fiat Group. This marked the first time the Group has won an order for the entire paint system from the Fiat Group in Brazil.

The Company believes that this successful order acceptance resulted from a favorable evaluation of the following factors by the Fiat Group: the relationship of mutual trust established between Geico and the Fiat Group through long years of conducting business together; Geico's successful completion of a sizable number of paint plant projects in Brazil; and the business and capital alliance formed between Taikisha and Geico in May 2011. In its operations as the "Taikisha - Geico Global Alliance," the Company will continue to develop strengths of both in technology and market presence, thus promoting active and continuous business in highly growing markets.

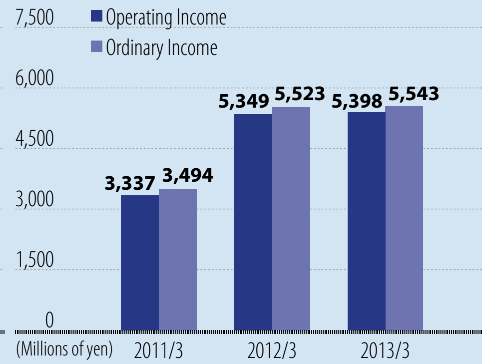
Orders Received by Segment



Sales by Segment



Operating Income / Ordinary Income by Segment

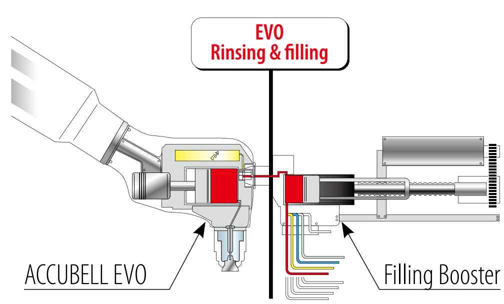


Environmental burden reduction by a large-volume discharge painter

More than two decades have passed since paint plants for automobile began making widespread use of painting robots for automatic painting. Nevertheless, only a limited number of plants have adopted automatic painting for coating of the inner body plate. Factors behind this lag in installation include such problems as the larger sizes of painting machines and painting booths resulting from the adoption of water-based paints and the larger investment required.

The Company launched "ACCUBELL EVO," a new painting machine that combines the large-volume discharge required for water-based paints with an ability to alter paint discharge patterns. The new machine has been highly evaluated from both Japan-based and overseas customers. Among features attracting particular attention, it is not only a suitable size for handling painting of both the outer and inner body plates, but it is also equipped with a large (800 ml) paint tank that reduces the time required to change colors and fill the tank.

Another advantage of installing "ACCUBELL EVO" is that it minimizes painting booth size by reducing the number of robots required for outer plate painting and by using a small number of robots for inner plate painting. The machine also helps to reduce the capital investment and energy consumption (accompanied by lower CO_2 emissions) for painting booth operation. In coming years, the Company will continue to develop new painting technologies, and to win more orders for its technologies as a result.



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

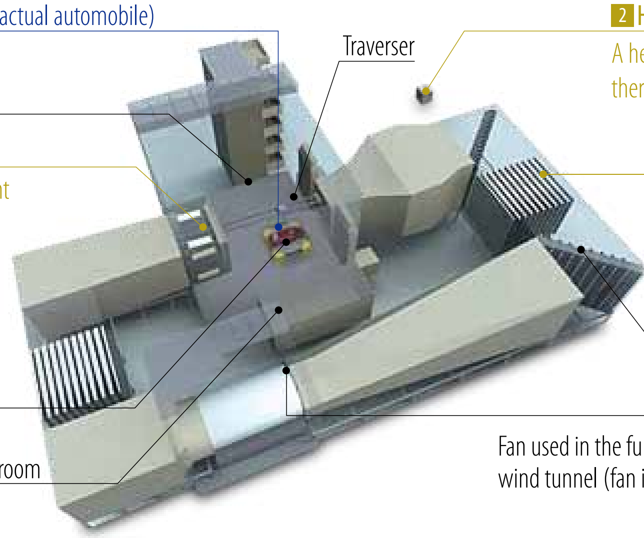
Basic policy

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

Reduction of CO_2 emissions in a full-scale vehicle aerodynamic wind tunnel facility

Overall image of the full-scale vehicle aerodynamic wind tunnel

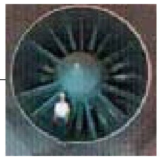


1 Internal breather
An original internal breather with excellent thermal load reduction and atmospheric dust suppression capabilities enables measurement without deterioration of airflow quality.

2 Heat source system (thermal storage tank)
A heat source system featuring an energy-efficient thermal storage tank permits high-efficiency operation.

3 Active silencer
An active silencer achieves compactness and reduces noise by 5 to 10 decibels.

Fan

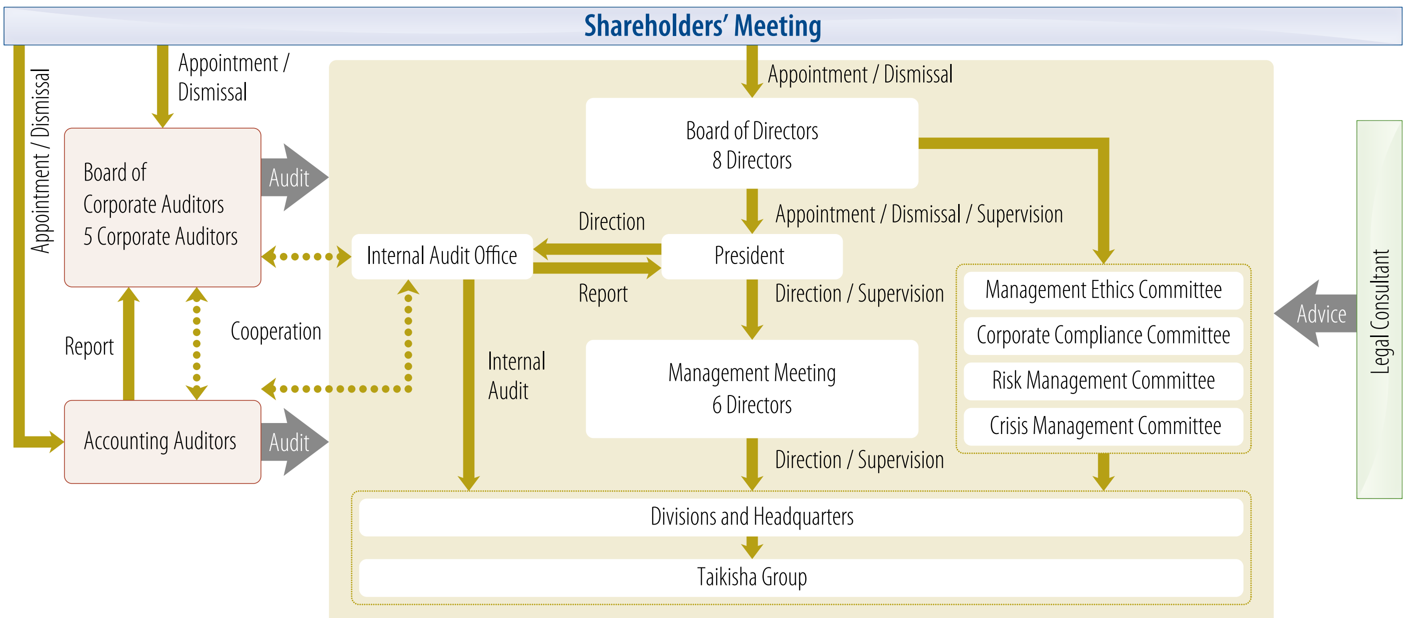


Fan used in the full-scale vehicle aerodynamic wind tunnel (fan in photo 5,500 mm in diameter)

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.

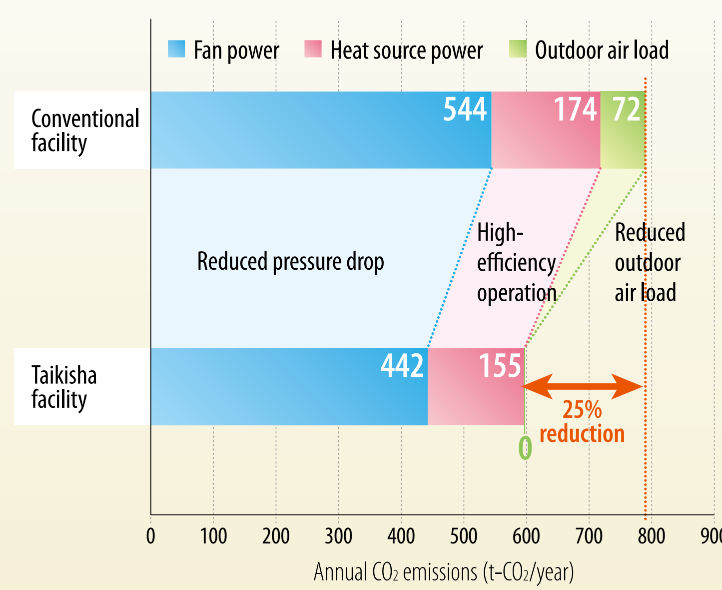
Conceptual Diagram of Corporate Governance



A full-scale vehicle aerodynamic wind tunnel is the facility that supplies extremely uniform and low-turbulent air flow to the vehicle mounted on the highly precise balance and measures the vehicle's air resistance based on the force measured by the balance. Because a vehicle's "air resistance", likewise the "rolling resistance" of the tires, is the main force of resistance encountered during driving, significantly affecting fuel economy, it is an essential factor for consideration in the automobile design process.

We have effectively deployed original CO_2 reduction technologies to reduce total CO_2 emissions from our full-scale vehicle aerodynamic wind tunnel facility by 25% compared with conventional facilities. Automakers are showing considerable interest in this facility, and the Company is directing efforts to expand its business in this field.

CO_2 emissions reduction using Taikisha technology



MANAGEMENT'S DISCUSSION AND ANALYSIS

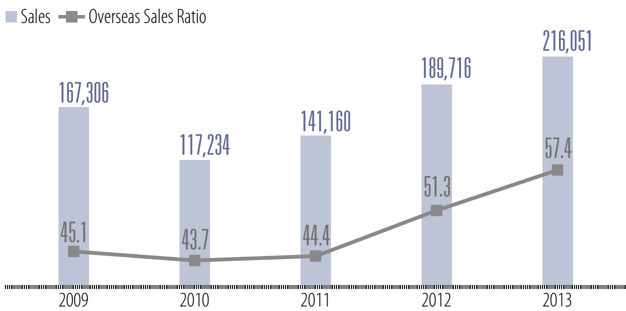
FIVE-YEAR SUMMARY : Taikisha Ltd. and its Consolidated Subsidiaries for the years ended March 31, 2009 to 2013

	Millions of yen (except per share amounts)					Thousands of U.S. dollars
CONSOLIDATED	2009	2010	2011	2012	**2013**	**2013**
Orders received:	¥164,738	¥118,667	¥165,638	¥195,268	**¥195,920**	**$2,084,487**
Green Technology System Division						
Environmental facilities(HVAC for building)	36,053	34,980	32,278	33,268	**37,485**	**398,822**
Industrial facilities(industrial HVAC)	77,124	50,383	79,416	86,817	**87,251**	**928,307**
Paint Finishing System Division	51,560	33,303	53,943	75,182	**71,184**	**757,358**
Sales:	¥167,306	¥117,234	¥141,160	¥189,716	**¥216,051**	**$2,298,663**
Green Technology System Division						
Environmental facilities(HVAC for building)	24,611	26,804	30,857	42,233	**46,573**	**495,513**
Industrial facilities(industrial HVAC)	83,247	51,121	72,268	84,943	**90,641**	**964,369**
Paint Finishing System Division	59,447	39,307	38,034	62,540	**78,837**	**838,782**
Net income	3,074	3,666	3,703	4,372	**6,200**	**65,975**
Comprehensive income	–	–	2,261	4,255	**11,006**	**117,104**
Total assets	¥119,483	¥121,894	¥132,698	¥156,108	**¥163,014**	**$1,734,383**
Total net assets	61,441	66,263	66,978	69,602	**78,537**	**835,597**
Equity ratio (%)	48.9	52.3	48.8	42.9	**46.2**	**—**
Return on equity (%)	5.0	6.0	5.8	6.6	**8.7**	**—**
Net income per share	¥83.60	¥99.73	¥100.73	¥119.52	**¥170.99**	**$1.82**
Cash dividends per share	30.00	30.00	30.00	35.00	**50.00**	**0.53**
Net assets per share	1,590.08	1,734.49	1,762.28	1,834.99	**2,087.16**	**22.21**

NON-CONSOLIDATED						
Orders received:	¥110,898	¥78,272	¥84,349	¥102,248	**¥88,223**	**$938,647**
Green Technology System Division						
Environmental facilities(HVAC for building)	34,722	33,994	30,950	31,736	**36,075**	**383,818**
Industrial facilities(industrial HVAC)	49,331	29,246	34,695	38,305	**31,815**	**338,497**
Paint Finishing System Division	26,843	15,032	18,703	32,206	**20,332**	**216,331**
Sales:	¥104,721	¥75,971	¥89,763	¥109,205	**¥107,049**	**$1,138,950**
Green Technology System Division						
Environmental facilities(HVAC for building)	23,434	25,786	29,557	40,947	**44,929**	**478,029**
Industrial facilities(industrial HVAC)	53,385	30,956	38,553	45,091	**32,777**	**348,729**
Paint Finishing System Division	27,901	19,228	21,651	23,166	**29,342**	**312,192**

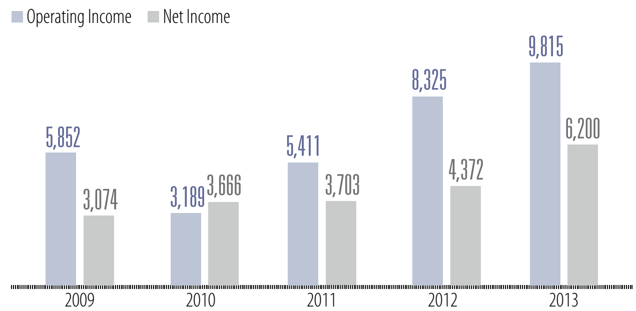
Sales & Overseas Sales Ratio

(Millions of yen, %)



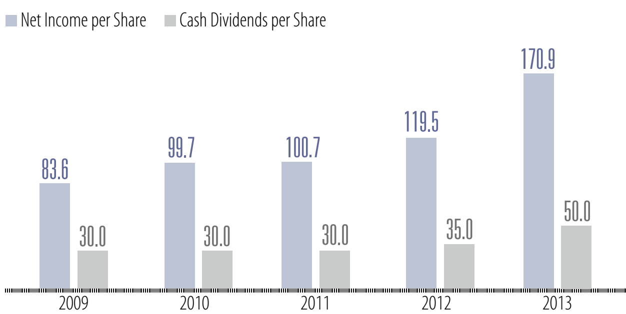
Operating Income & Net Income

(Millions of yen)



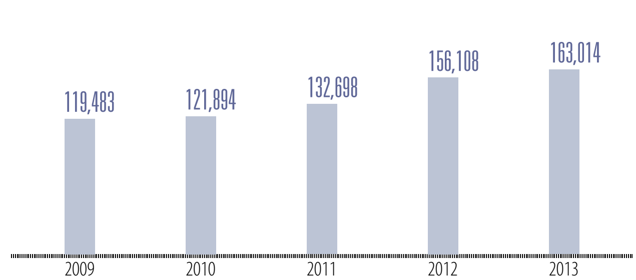
Net Income per Share & Cash Dividends per Share

(¥)



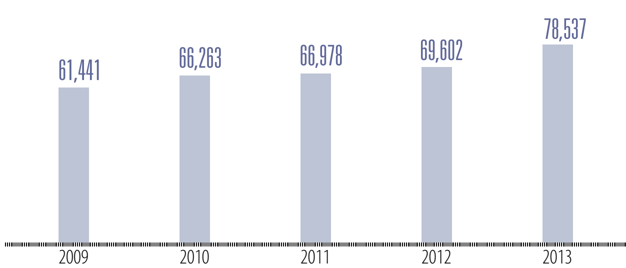
Total Assets

(Millions of yen)



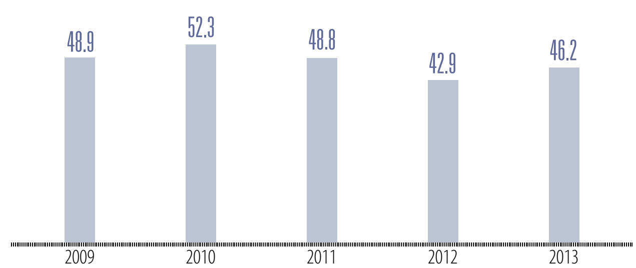
Total Net Assets

(Millions of yen)



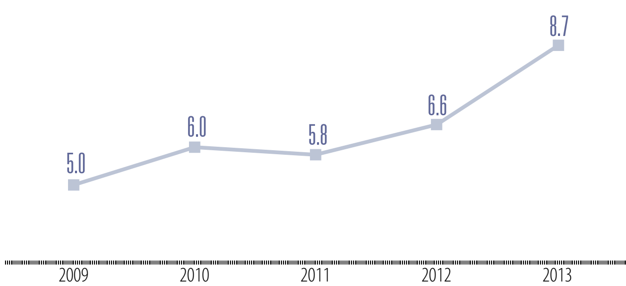
Equity Ratio

(%)



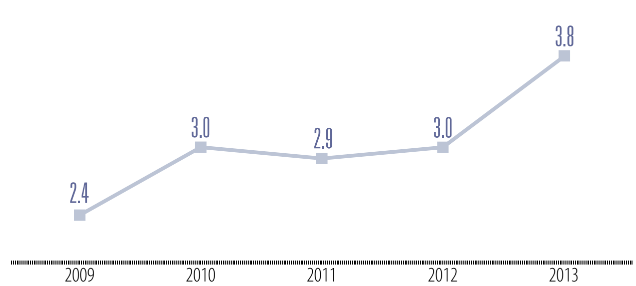
ROE

(%)



ROA

(%)



RESULTS OF OPERATIONS (OVERVIEW)

The results for the fiscal year ended March 31, 2013

Earnings Overview

The world economy gradually recovered because of stable economy in Southeast Asia and in U.S., in spite of the lengthening of European debt crisis and slowing down of Chinese economy. After the change of government at the end of previous year, Japanese economy has seen signs of an upturn such as a correction of strong yen and a rise of stock prices because of expectations of economic policies and monetary relaxation policies.

In this situation, Taikisha Ltd.(the "Company") has executed mid-term business plan. For accomplishing this plan, the Company worked on various measures such as continuous cost reduction activities, overseas expansion, and developments of energy-saving and environmental technologies. As a result, consolidated orders received increased 0.3% year-on-year to ¥195,920 million, including overseas orders received ¥121,187 million which is 61.9% of consolidated orders received, because orders received mainly increased in Southeast Asia and Central and South America.

Consolidated sales increased 13.9% year-on-year to ¥216,051 million, including overseas sales ¥124,097 million which is 57.4% of consolidated sales, because sales mainly increased in Thailand, Singapore and China.

Gross profit increased ¥3,016 million year-on-year to ¥27,676 million because consolidated sales increased ¥26,335 million though gross profit ratio decreased 0.2% year-on-year to 12.8%.

Selling, general and administrative expenses increased ¥1,526 million year-on-year to ¥17,861 million because employees' salaries and operating activities expenses increased.

As a result, operating income increased ¥1,490 million year-on-year to ¥9,815 million, ordinary income increased ¥1,695 million year-on-year to ¥10,728 million and net income increased ¥1,828 million year-on-year to ¥6,200 million. Earnings by reporting segments (including intersegment transactions) are as follows.

Green Technology System

Consolidated orders received in Green Technology System Division increased because of steadily capturing the construction demand in Southeast Asia mainly in Thailand, Philippines and Malaysia. Consolidated sales increased because overseas sales increased mainly in Thailand, Singapore, Philippines and China.

As a result, consolidated orders received increased 3.9% year-on-year to ¥124,736 million. Orders received for building HVAC increased 12.7% year-on-year to ¥37,485 million and for industrial HVAC increased 0.5% year-on-year to ¥87,251 million. Consolidated sales increased 7.9% year-on-year to ¥137,222 million. Sales for building HVAC increased 10.3% year-on-year to ¥46,573 million, and sales for industrial HVAC increased 6.7% year-on-year to ¥90,648 million. Ordinary income increased ¥1,582 million year-on-year to ¥5,045 million.

Paint Finishing System

Consolidated orders received in Paint Finishing System Division decreased because the demand of automobile manufacturers in Japan and China decreased, though orders received increased in Central and South America mainly in Mexico and Brazil. Consolidated sales increased because of progress of construction contracts which were received in the previous year mainly in Japan, Thailand and China.

As a result, consolidated orders received decreased 5.3% year-on-year to ¥71,184 million, consolidated sales increased 26.1% year-on-year to ¥78,916 million. Ordinary income increased ¥20 million year-on-year to ¥5,543 million.

Financial Condition

Assets

As of March 31, 2013, current assets increased 3.0% year-on-year to ¥129,976 million. It is mainly because cash and deposits increased ¥5,681 million, notes receivable, accounts receivable from completed construction contracts and other increased ¥6,526 million and short-term investment securities increased ¥4,450 million year-on-year, though costs on uncompleted construction contracts decreased ¥13,466 million year-on-year.

Noncurrent assets increased 10.3% year-on-year to ¥33,037 million. It is mainly because property, plant and equipment increased ¥1,336 million and investment securities increased ¥934 million, year-on-year.

As a result, total assets increased 4.4% year-on-year to ¥163,014 million.

Liabilities

As of March 31, 2013, current liabilities decreased 4.1% year-on-year to ¥77,724 million. It is mainly because notes payable, accounts payable for construction contracts and other decreased ¥1,338 million and advances received on

Indicators of consolidated financial position are as follows:

(Years ended March 31)

	2009	2010	2011	2012	**2013**
Equity ratio (%)	48.9	52.3	48.8	42.9	**46.2**
Equity ratio on market value basis (%)	32.3	45.5	43.8	39.7	**47.1**
Debt to cash flow ratio (%)	110.0	198.8	58.1	287.7	**49.2**
Interest coverage ratio (Times)	12.7	15.9	62.7	7.9	**57.5**

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.

uncompleted construction contracts decreased ¥4,227 million, year-on-year.

Noncurrent liabilities increased 23.8% year-on-year to ¥6,752 million. It is mainly because deferred tax liabilities increased ¥1,619 million year-on-year.

As a result, total liabilities decreased 2.3% year-on-year to ¥84,476 million.

Net Assets

As of March 31, 2013, total net assets increased 12.8% year-on-year to ¥78,537 million. It is mainly because retained earnings increased ¥4,924 million, valuation difference on available-for-sale securities increased ¥1,817 million and foreign currency translation adjustment increased ¥2,248 million, year-on-year.

Cash Flows

Cash and cash equivalents as of March 31, 2013 and 2012 were ¥33,627 million and ¥24,627 million respectively. Compared to the previous year, it increased ¥9,000 million.

Cash provided by (used in) operating activities

Cash provided by operating activities as of March 31, 2013 and 2012 were ¥10,772 million and ¥1,812 million respectively. Cash increased because of decrease in inventories and income before income taxes and minority interests etc. though cash decreased because of decrease in advances received on uncompleted construction contracts etc.

Cash provided by (used in) investing activities

Cash used in investing activities as of March 31, 2013 and 2012 were ¥1,308 million and ¥2,336 million respectively. Cash decreased because of purchase of short-term investment securities and purchase of property, plant and equipment and intangible assets etc. though cash increased because of proceeds from redemption of securities and proceeds from sales of investment securities etc.

Cash provided by (used in) financing activities

Cash used in financing activities as of March 31, 2013 and 2012 were ¥2,569 million and ¥361 million respectively. Cash decreased because of net increase in treasury stock and cash dividends paid etc. though cash increased because of proceeds from long-term loans payable.

Business Risks

Risk factors that investors should consider before making any decision concerning Taikisha Group are noted below. Forward-looking statements in this section are based on judgments made as of March 31, 2013.

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 laws and regulations, 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 results because the financial statements of 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 previous warranty experience. However, these costs still could potentially exceed the balance of the provision.

Accounts Receivable Collection Risk

Taikisha Group manages customer credit. However, accounts receivable may become uncollectible 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

Sharp rises in material prices could affect Taikisha Group's business results if Taikisha Group is unable to reflect them to contract prices.

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 or 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 maintains 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 situations, 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 directors or employees 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 31 subsidiaries and 3 affiliates are domiciled overseas.

CONSOLIDATED BALANCE SHEETS

Taikisha Ltd. and its Consolidated Subsidiaries : As of March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
Assets	2012	**2013**	**2013**
Current assets:			
Cash and deposits (Notes 3, 7 and 9)	¥24,450	**¥30,131**	**$320,580**
Notes receivable, accounts receivable from			
completed construction contracts and other (Notes 3 and 9)	75,424	**81,950**	**871,909**
Short-term investment securities (Notes 7, 9 and 10)	2,554	**7,004**	**74,522**
Costs on uncompleted construction contracts	15,220	**1,754**	**18,670**
Raw materials and supplies	582	**762**	**8,118**
Deferred tax assets (Note 13)	2,540	**2,404**	**25,587**
Other (Note 3)	5,563	**6,268**	**66,695**
Allowance for doubtful accounts (Note 9)	(179)	**(300)**	**(3,202)**
Total current assets	126,155	**129,976**	**1,382,879**
Noncurrent assets:			
Property, plant and equipment			
Buildings and structures (Note 3)	7,571	**8,466**	**90,079**
Machinery, vehicles, tools, furniture and fixtures (Notes 3 and 8)	5,275	**6,354**	**67,608**
Land (Note 3)	3,274	**3,316**	**35,286**
Other	572	**319**	**3,397**
Accumulated depreciation	(9,534)	**(9,962)**	**(105,994)**
Property, plant and equipment, net	7,158	**8,494**	**90,376**
Intangible assets			
Goodwill	2,152	**2,325**	**24,737**
Other (Note 8)	1,196	**984**	**10,473**
Total intangible assets	3,349	**3,309**	**35,210**
Investments and other assets			
Investment securities (Notes 3, 9 and 10)	17,237	**18,171**	**193,331**
Deferred tax assets (Note 13)	122	**239**	**2,546**
Other	2,263	**2,992**	**31,843**
Allowance for doubtful accounts	(179)	**(169)**	**(1,803)**
Total investments and other assets	19,444	**21,233**	**225,917**
Total noncurrent assets	29,953	**33,037**	**351,504**
Total assets	¥156,108	**¥163,014**	**$1,734,383**

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

	Millions of yen		Thousands of U.S. dollars
Liabilities and Net assets	2012	**2013**	**2013**
Current liabilities:			
Notes payable, accounts payable for construction contracts and other (Notes 3 and 9)	¥48,789	**¥47,451**	**$504,853**
Short-term loans payable (Notes 9 and 18)	4,176	**4,425**	**47,081**
Income taxes payable	644	**749**	**7,979**
Deferred tax liabilities (Note 13)	19	**22**	**237**
Advances received on uncompleted construction contracts	17,766	**13,539**	**144,050**
Provision for warranties for completed construction	596	**927**	**9,867**
Provision for loss on construction contracts (Note 3)	2,810	**1,680**	**17,881**
Provision for directors' bonuses	61	**96**	**1,027**
Other (Notes 3 and 18)	6,186	**8,831**	**93,967**
Total current liabilities	81,050	**77,724**	**826,943**
Noncurrent liabilities:			
Long-term loans payable (Notes 9 and 18)	924	**770**	**8,194**
Deferred tax liabilities (Note 13)	1,059	**2,678**	**28,496**
Provision for retirement benefits (Note 12)	3,029	**2,838**	**30,199**
Provision for directors' retirement benefits	129	**133**	**1,423**
Other (Notes 3 and 18)	312	**331**	**3,531**
Total noncurrent liabilities	5,455	**6,752**	**71,842**
Total liabilities	¥86,506	**¥84,476**	**$898,785**
Net assets:			
Shareholders' equity			
Capital stock			
Authorized: 100,000,000 shares			
Issued: 36,782,009 shares as of March 31, 2013 and 2012	¥6,455	**¥6,455**	**$68,679**
Capital surplus	7,297	**7,344**	**78,141**
Retained earnings	54,810	**59,735**	**635,552**
Treasury stock, at cost — 734,367 shares as of March 31, 2013	—	**(1,173)**	**(12,488)**
313,951 shares as of March 31, 2012	(492)	**—**	**—**
Total shareholders' equity	68,071	**72,361**	**769,885**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	3,428	**5,245**	**55,811**
Deferred gains or losses on hedges (Note 11)	26	**(11)**	**(118)**
Foreign currency translation adjustment	(4,607)	**(2,358)**	**(25,096)**
Total accumulated other comprehensive income	(1,152)	**2,875**	**30,597**
Minority interests	2,683	**3,300**	**35,115**
Total net assets	69,602	**78,537**	**835,597**
Total liabilities and net assets	¥156,108	**¥163,014**	**$1,734,383**
Per share data :	Yen		U.S. dollars
Net assets	¥1,834.99	**¥2,087.16**	**$22.21**

Basis of calculation	Millions of yen	
Total net assets	¥69,602	**¥78,537**
Amounts to be deducted from net assets (Minority interests)	(2,683)	**(3,300)**
Net assets applicable to common stock	66,918	**75,237**
Number of shares of common stock as of the year-end (thousands)	36,468	**36,047**

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, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Consolidated Statements of Income			
Net sales of completed construction contracts	¥189,716	¥216,051	$2,298,663
Cost of sales of completed construction contracts (Note 4)	165,056	188,374	2,004,197
Gross profit on completed construction contracts	24,660	27,676	294,466
Selling, general and administrative expenses			
Directors' compensations	760	837	8,914
Employees' salaries and allowances	6,757	7,667	81,575
Provision for directors' bonuses	61	96	1,027
Retirement benefit expenses (Note 12)	699	753	8,020
Provision for directors' retirement benefits	24	22	237
Correspondence and transportation expenses	1,197	1,232	13,110
Provision of allowance for doubtful accounts	(123)	187	1,991
Rents	1,158	1,098	11,690
Depreciation	952	934	9,944
Amortization of goodwill	92	114	1,220
Other	4,754	4,916	52,307
Total selling, general and administrative expenses (Note 4)	16,335	17,861	190,036
Operating income	8,325	9,815	104,430
Non-operating income			
Interest income	261	261	2,786
Dividends income	325	342	3,641
Dividends income of insurance	123	129	1,375
Real estate rent	135	127	1,354
Equity in earnings of affiliates	75	38	415
Foreign exchange gains	—	109	1,166
Reversal of allowance for doubtful accounts	—	23	246
Gain on bad debts recovered	193	—	—
Other	225	268	2,852
Total non-operating income	1,341	1,300	13,834
Non-operating expenses			
Interest expenses	231	188	2,008
Sales discounts	—	17	185
Rent expenses on real estates	86	86	916
Foreign exchange losses	99	—	—
Provision of allowance for doubtful accounts	91	—	—
Other	124	95	1,012
Total non-operating expenses	632	387	4,120
Ordinary income	9,033	10,728	114,144
Extraordinary income			
Gain on disposal of noncurrent assets (Note 4)	43	144	1,537
Gain on sales of investment securities	27	780	8,303
Gain on liquidation of subsidiaries and affiliates	15	—	—
Surrender value of insurance	2	0	9
Total extraordinary income	88	925	9,849
Extraordinary loss			
Loss on disposal of noncurrent assets (Note 4)	59	93	995
Impairment loss	130	149	1,591
Loss on sales of investment securities	14	231	2,465
Loss on valuation of investment securities	145	31	335
Loss on change in equity	—	226	2,410
Total extraordinary losses	350	732	7,796
Income before income taxes and minority interests	8,771	10,921	116,198
Income taxes-current	3,398	3,509	37,339
Income taxes-deferred	275	780	8,303
Total income taxes	3,673	4,289	45,642
Income before minority interests	5,097	6,631	70,556
Minority interests in income	725	430	4,582
Net income	¥4,372	¥6,200	$65,975

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Comprehensive Income			
Income before minority interests	¥5,097	¥6,631	$70,556
Other comprehensive income (Note 5)			
Valuation difference on available-for-sale securities	367	1,819	19,354
Deferred gains or losses on hedges	28	(26)	(281)
Foreign currency translation adjustment	(1,239)	2,527	26,889
Share of other comprehensive income of associates accounted for using equity method	1	54	584
Total other comprehensive income	(842)	4,374	46,547
Comprehensive income	4,255	11,006	117,104
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	3,694	10,229	108,834
Comprehensive income attributable to minority interests	¥561	¥777	$8,270

	Yen		U.S. dollars
Per share data:			
Net income	¥119.52	¥170.99	$1.82
Cash dividends	¥35	¥50	$0.53

Basis of calculation	Millions of yen	
Net income	¥4,372	¥6,200
Net income not attributable to common stockholders	—	—
Net income attributable to common stockholders	4,372	6,200
Average number of shares of common stock (thousands)	36,583	36,264

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, 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

For the year ended March 31, 2013

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	¥54,810	¥(492)	¥68,071	¥3,428	¥26	¥(4,607)	¥(1,152)	¥2,683	¥69,602
Changes of items during the period											
Dividends from surplus			(1,276)		(1,276)						(1,276)
Net income			6,200		6,200						6,200
Purchase of treasury stock				(969)	(969)						(969)
Disposal of treasury stock		47		287	334						334
Net changes of items other than shareholders' equity						1,817	(37)	2,248	4,028	616	4,645
Total changes of items during the period	—	47	4,924	(681)	4,290	1,817	(37)	2,248	4,028	616	8,935
Balance at the end of current period	¥6,455	¥7,344	¥59,735	¥(1,173)	¥72,361	¥5,245	¥(11)	¥(2,358)	¥2,875	¥3,300	¥78,537

For the year ended March 31, 2013

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	$68,679	$77,640	$583,158	$(5,238)	$724,239	$36,474	$281	$(49,017)	$(12,262)	$28,552	$740,529
Changes of items during the period											
Dividends from surplus			(13,580)		(13,580)						(13,580)
Net income			65,975		65,975						65,975
Purchase of treasury stock				(10,311)	(10,311)						(10,311)
Disposal of treasury stock		501		3,061	3,562						3,562
Net changes of items other than shareholders' equity						19,336	(399)	23,922	42,859	6,563	49,422
Total changes of items during the period	—	501	52,395	(7,250)	45,646	19,336	(399)	23,922	42,859	6,563	95,068
Balance at the end of current period	$68,679	$78,141	$635,552	$(12,488)	$769,885	$55,811	$(118)	$(25,096)	$30,597	$35,115	$835,597

CONSOLIDATED STATEMENTS OF CASH FLOWS

Taikisha Ltd. and its Consolidated Subsidiaries : For the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2012	**2013**	**2013**
Cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥8,771	**¥10,921**	**$116,198**
Depreciation and amortization	1,239	**1,211**	**12,890**
Amortization of goodwill	92	**114**	**1,220**
Increase (decrease) in allowance for doubtful accounts	(89)	**72**	**774**
Increase (decrease) in provision for retirement benefits	(204)	**(264)**	**(2,810)**
Increase (decrease) in provision for directors' retirement benefits	5	**4**	**43**
Increase (decrease) in provision for loss on construction contracts	1,481	**(1,150)**	**(12,239)**
Increase (decrease) in provision for warranties for completed construction	265	**280**	**2,989**
Interest and dividends income	(587)	**(604)**	**(6,427)**
Interest expenses	231	**188**	**2,008**
Equity in (earnings) losses of affiliates	(43)	**(6)**	**(73)**
Loss (gain) on sales of investment securities	(12)	**(548)**	**(5,839)**
Loss (gain) on disposal of noncurrent assets	16	**(50)**	**(542)**
Loss (gain) on valuation of investment securities	145	**31**	**335**
Loss (gain) on change in equity	—	**226**	**2,410**
Decrease (increase) in notes and accounts receivable-trade	(23,126)	**(2,791)**	**(29,702)**
Decrease (increase) in inventories	2,388	**13,620**	**144,915**
Decrease (increase) in advances paid	(0)	**75**	**803**
Decrease (increase) in non-operating notes receivable	(200)	**82**	**874**
Decrease (increase) in accounts receivable-other	10	**(615)**	**(6,550)**
Increase (decrease) in notes and accounts payable-trade	13,387	**(3,711)**	**(39,493)**
Increase (decrease) in advances received on uncompleted construction contracts	2,919	**(5,701)**	**(60,657)**
Increase (decrease) in non-operating notes payable	121	**(74)**	**(790)**
Increase (decrease) in accrued consumption taxes	(919)	**654**	**6,962**
Increase (decrease) in deposits received	191	**53**	**564**
Increase (decrease) in accrued expenses	310	**43**	**462**
Other, net	418	**1,871**	**19,916**
Subtotal	6,812	**13,933**	**148,240**
Interest and dividends income received	587	**604**	**6,427**
Interest expenses paid	(229)	**(187)**	**(1,995)**
Income taxes paid	(5,357)	**(3,577)**	**(38,061)**
Net cash provided by (used in) operating activities	1,812	**10,772**	**114,612**
Cash provided by (used in) investing activities:			
Payments into time deposits	(1,980)	**(1,880)**	**(20,004)**
Proceeds from withdrawal of time deposits	2,000	**1,649**	**17,553**
Purchase of short-term investment securities	(499)	**(5,500)**	**(58,517)**
Proceeds from redemption of securities	2,499	**3,000**	**31,918**
Purchase of property, plant and equipment and intangible assets	(1,398)	**(3,130)**	**(33,311)**
Proceeds from sales of property, plant and equipment and intangible assets	162	**1,125**	**11,979**
Purchase of investment securities	(1,918)	**(923)**	**(9,825)**
Proceeds from sales of investment securities	638	**3,316**	**35,286**
Proceeds from redemption of investment securities	—	**1,453**	**15,470**
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 7)	(1,807)	**—**	**—**
Payments of long-term loans receivable	(83)	**(84)**	**(904)**
Collection of long-term loans receivable	43	**45**	**489**
Purchase of insurance funds	(27)	**(236)**	**(2,519)**
Proceeds from maturity of insurance funds	12	**200**	**2,136**
Purchase of long-term prepaid expenses	(17)	**(350)**	**(3,732)**
Other, net	38	**5**	**64**
Net cash provided by (used in) investing activities	(2,336)	**(1,308)**	**(13,918)**
Cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	1,361	**(159)**	**(1,695)**
Proceeds from long-term loans payable	362	**110**	**1,178**
Repayment of long-term loans payable	(278)	**(321)**	**(3,415)**
Repayments of lease obligations	(55)	**(49)**	**(531)**
Proceeds from stock issuance to minority shareholders	24	**—**	**—**
Net decrease (increase) in treasury stock	(473)	**(634)**	**(6,749)**
Cash dividends paid	(1,094)	**(1,271)**	**(13,525)**
Cash dividends paid to minority shareholders	(208)	**(244)**	**(2,602)**
Net cash provided by (used in) financing activities	(361)	**(2,569)**	**(27,338)**
Effect of exchange rate change on cash and cash equivalents	(522)	**2,105**	**22,402**
Net increase (decrease) in cash and cash equivalents	(1,407)	**9,000**	**95,757**
Cash and cash equivalents at beginning of period	26,035	**24,627**	**262,026**
Cash and cash equivalents at end of period (Note 7)	¥24,627	**¥33,627**	**$357,782**

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, 2013 and 2012

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 ¥93.99 to US$1, the rate of exchange prevailing at March 31, 2013, 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 consolidated financial statements include the accounts of Taikisha Ltd. and all significant subsidiaries listed below as of March 31, 2013:

Domestic subsidiaries

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

Overseas 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.
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.
Taikisha (Cambodia)Co.,Ltd.
Wuzhou Taikisha Engineering Co., Ltd.
Beijing Wuzhou Taikisha Equipment Co., Ltd. (subsidiary of Wuzhou Taikisha Engineering Co., Ltd.)
Tianjin Taikisha Paint Finishing System Ltd.
Taikisha Hong Kong Limited
Taikisha (Taiwan) Ltd.
Taikisha Korea Ltd.
Geico S.p.A.
Geico Taikisha Europe Ltd. (subsidiary of Geico S.p.A. Taikisha Europe Ltd. changed its name to Geico Taikisha Europe Ltd. on October 9th, 2012.)
Geico Brasil Ltda. (subsidiary of Geico Taikisha Europe Ltd.)
Geico Paint Shop India Private Limited (subsidiary of Geico Taikisha Europe Ltd.)
Geico Painting Equipment Manufacture(Suzhou) Co.,Ltd. (subsidiary of Geico Taikisha Europe Ltd.)
"Geico Russia" LLC (subsidiary of Geico S.p.A.)
Taikisha Engineering India Ltd.
"Taikisha (R) " LLC

(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 overseas consolidated subsidiaries have a fiscal year ending on December 31. For those subsidiaries with a fiscal year ending December 31, certain adjustments are made, where appropriate, in preparing the consolidated financial statements to reflect material transactions during the period from their fiscal year end to 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.

Securities issued by affiliates

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 Companies mainly calculate depreciation by the declining-balance method, while the straight-line method is applied to the buildings, excluding building fixtures, acquired on or after April 1, 1998. Certain overseas consolidated subsidiaries apply the straight-line method. The useful lives 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

Leased assets under finance leases that do not transfer ownership of the leased assets to the lessee are depreciated 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, the allowance for doubtful accounts is provided. For receivables classified as "normal", it is provided based on a historical default ratio. For receivables classified as "doubtful" etc, it 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 (¥2,260 million, US$ 24,053 thousand) are amortized using the straight-line method over 10 years from the following fiscal year of accrual.
Unrecognized prior service cost (minus ¥961 million, minus US$ 10,230 thousand) are amortized using the straight-line method over 10 years from the fiscal year of accrual.
The Company and certain of its domestic consolidated subsidiaries have retirement plans of the integrated establishment agency type which are governed by the regulations of the Japanese Welfare Pension Insurance Law. The contributions to the retirement plan assets are recognized as retirement benefit expenses. Plan assets at the end of the fiscal year calculated based on the proportion of the funded amounts are ¥7,829 million (US$ 83,304 thousand).

Provision for directors' retirement benefits

In order to prepare for directors' retirement benefits, the Company's domestic consolidated 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 the 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 are 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

With regard to forward exchange contacts, hedge effectiveness is not assessed because substantial terms and conditions of the hedging instruments and the hedged transactions are the same.
With regard to interest rate swaps and interest rate caps, the evaluation of hedge effectiveness is omitted 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

Changes in accounting policies which are difficult to distinguish from changes in accounting estimates

In accordance with the revision of the Corporate Tax Law, from this fiscal year, the Company and its domestic consolidated subsidiaries changed the method of depreciation based on the revised Corporate Tax Law for property, plant and equipment acquired on or after April 1, 2012.

The impact of the change is immaterial on operating income, ordinary income and income before income taxes and minority interests of this fiscal year.

Unapplied accounting standards

"Accounting Standard for Retirement Benefits" (Accounting Standard Board of Japan Statement No. 26, May 17, 2012)

"Guidance on Accounting Standard for Retirement Benefits" (Accounting Standard Board of Japan Guidance No. 25, May 17, 2012)

From the view of improvement of financial reports and based on the international trends, the accounting standard and the guidance are mainly prescribed the revision of the treatment of unrecognized actuarial differences and unrecognized prior service costs and the calculation method of projected benefit obligation and service costs and enhancing disclosure.

The Companies expect to apply the accounting standard and the guidance from the end of fiscal year ended March 31, 2014. However the revision of the calculation of projected benefit obligations and service costs are expected to apply from the beginning of fiscal year ended March 31, 2015.

The impact of application of the accounting standard and the guidance are in process of assessment at the time when the consolidated financial statements are prepared.

3. Notes of consolidated balance sheets

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

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Investment securities	¥414	¥476	$5,073

(2) Pledged assets

Assets pledged as securities for dealing of consolidated subsidiaries and affiliates

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Cash and deposits	¥32	¥32	$346

Assets pledged as collateral for loans payable of invested company

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Investment securities	¥2	¥2	$21

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

For the year ended March 31, 2012

	Millions of yen	
Pledged assets	Book value	Liabilities covered by pledged assets
Cash and deposits	¥234	¥181
Buildings and structures	82	449
Land	487	
Machinery, vehicles, tools, furniture and fixtures	¥5	¥4

For the year ended March 31, 2013

	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	¥266	¥102	$2,840	$1,096
Buildings and structures	76	419	818	4,467
Land	487		5,182	
Machinery, vehicles, tools, furniture and fixtures	¥11	¥8	$118	$86

(3) Guarantee obligation

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Guarantee of Employees' loans	¥19	¥16	$172
Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.	—	222	2,370
Makiansia Engineering (M) Sdn. Bhd.	—	58	617
Total	¥19	¥296	$3,159

(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
	2012	2013	2013
Total amount of lending commitment	¥5,000	¥5,000	$53,197
Borrowing execution balance	—	—	—
Total	¥5,000	¥5,000	$53,197

(5) Endorsed notes

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Endorsed notes	¥35	¥35	$382

(6) Provision for loss on construction contracts

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

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Provision for loss on construction contracts	¥490	¥39	$418

(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 as balance sheet date, these are settled on the date of clearing. The Companies have the following outstanding notes which maturity dates are same as balance sheet date, because balance sheet date is holiday in this fiscal year.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Notes receivable	¥130	¥112	$1,198
Notes receivable endorsed	11	31	330
Non-operating notes receivable	1	18	198
Notes payable	442	644	6,857
Non-operating notes payable	¥2	¥9	$105

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
	2012	2013	2013
Selling, general and administrative expenses	¥784	¥800	$8,519

(2) Gain on disposal of noncurrent assets

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Buildings and structures	¥2	¥—	$—
Machinery, vehicles, tools, furniture and fixtures	5	32	350
Land	6	85	907
Long-term deposits	28	26	280
Other	0	—	—
Total	¥43	¥144	$1,537

(3) Loss on disposal of noncurrent assets

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Buildings and structures	¥12	¥15	$161
Machinery, vehicles, tools, furniture and fixtures	6	43	463
Land	13	25	257
Long-term deposits	23	0	9
Other	3	8	87
Total	¥59	¥93	$995

(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
	2012	2013	2013
Provision for loss on construction contracts	¥1,466	¥426	$4,535

5. Notes of consolidated statements of comprehensive income

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

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Valuation difference on available-for-sale securities			
Net gains (losses) arising during the period	¥33	¥3,264	$34,734
Reclassification adjustments	128	(517)	(5,503)
Before tax effects	161	2,747	29,231
Net of tax effects	206	(928)	(9,876)
Valuation difference on available-for-sale securities	367	1,819	19,354
Deferred gains or losses on hedges			
Net gains (losses) arising during the period	36	(88)	(944)
Reclassification adjustments	(4)	48	514
Before tax effects	32	(40)	(429)
Net of tax effects	(4)	13	149
Deferred gains or losses on hedges	28	(26)	(281)
Foreign currency translation adjustment			
Net gains (losses) arising during the period	(1,239)	2,527	26,889
Share of other comprehensive income of associates accounted for using equity method			
Net gains (losses) arising during the period	1	54	584
Other comprehensive income	¥(842)	¥4,374	$46,547

6. Notes of consolidated statements of changes in net assets

(1) The number of issued shares

For the year ended March 31, 2012

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

For the year ended March 31, 2013

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

(2) The number of shares of treasury stock

For the year ended March 31, 2012

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

Note 1. The number of shares of treasury stock 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. The number of shares of treasury stock 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.

For the year ended March 31, 2013

	Beginning Balance	Increase	Decrease	Ending Balance
Common stock	313,951	600,416	180,000	734,367

Note 1. The number of shares of treasury stock increased by 600,000 shares because of purchase of shares approved by the resolution of board of directors and increased by 416 shares because of purchase of shares less than one unit (*).

Note 2. The number of shares of treasury stock decreased by 180,000 shares because of deposal of treasury stock by third-party allotment for introduction of ESOP (Employee Stock Ownership Plan).

(*) 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, 2012

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

For the year ended March 31, 2013

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 28, 2012)	Common stock	¥729	$7,760	¥20.00	$0.21	March 31, 2012	June 29, 2012
Board of directors (November 9, 2012)	Common stock	¥547	$5,820	¥15.00	$0.16	September 30, 2012	December 30, 2012

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, 2012

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 28, 2012)	Common stock	Retained earnings	¥729	¥20.00	March 31, 2012	June 29, 2012

For the year ended March 31, 2013

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 27, 2013)	Common stock	Retained earnings	¥1,261	$13,423	¥35.00	$0.37	March 31, 2013	June 28, 2013

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
	2012	2013	2013
Cash and deposits	¥24,450	¥30,131	$320,580
Short-term investment securities	2,554	7,004	74,522
Sub total	27,004	37,135	395,102
Time deposits over three months	(423)	(503)	(5,352)
Short-term investment securities over three months	(1,953)	(3,004)	(31,967)
Cash and cash equivalents	¥24,627	¥33,627	$357,782

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

March 31, 2012

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
	2012
Current assets	¥4,009
Noncurrent assets	795
Goodwill	2,591
Current liabilities	(3,811)
Noncurrent liabilities	(605)
Minority interests	(189)
Acquisition cost of Geico S.p.A.	2,788
Cash and cash equivalents of Geico S.p.A.	981
Net : Purchase of investments in Geico S.p.A.	¥1,807

March 31, 2013

There is nothing applicable.

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.

From 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 residual value to be zero.

As lessee

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

March 31, 2012

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	¥20	¥17	¥3
Machinery	192	111	80
Other	12	11	1
Total	¥225	¥140	¥85

March 31, 2013

	Millions of yen			Thousands of U.S. dollars
	Acquisition cost	Accumulated depreciation	Net book value	Net book value
Tools, furniture and fixtures	¥4	¥4	¥0	$1
Machinery	139	74	64	691
Total	¥143	¥78	¥65	$692

The amounts of future lease payments

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Due within one year	¥20	¥14	$149
Due over one year	65	51	543
Total	¥85	¥65	$692

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

Total lease payments and depreciation

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Total lease payments	¥51	¥20	$216
Depreciation	¥51	¥20	$216

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
	2012	2013	2013
Due within one year	¥106	¥114	$1,222
Due over one year	42	89	953
Total	¥149	¥204	$2,175

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 risk 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 risk of fluctuation in interest rate. Long-term loans payable are hedged the risk of fluctuation principally by using fixed interest rates.

Derivative transactions are forward exchange contract and non-deliverable forward (NDF) for reducing foreign currencies fluctuation risk in normal operating cycle, and interest rate swap and interest rate cap for reducing interest rate fluctuation risk. 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, 2012

	Millions of yen		
	Book value	Fair value	Difference
Cash and deposits	¥24,450	¥24,450	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	75,424		
Allowance for doubtful accounts (*1)	(132)		
	75,291	75,036	(255)
Short-term investment securities and Investment securities (*2)	18,160	18,143	(16)
Total Assets	¥117,902	¥117,630	¥(271)
Notes payable, accounts payable for construction contracts and other	48,789	48,765	(24)
Short-term loans payable	4,176	4,172	(4)
Long-term loans payable	924	916	(7)
Total Liabilities	¥53,890	¥53,854	¥(36)
Derivatives	¥—	¥27	¥27

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

March 31, 2013

	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Cash and deposits	¥30,131	¥30,131	¥ —	$320,580	$320,580	$ —
Notes receivable, accounts receivable from completed construction contracts and other	81,950			871,909		
Allowance for doubtful accounts (*1)	(160)			(1,710)		
	81,789	81,374	(415)	870,199	865,779	(4,419)
Short-term investment securities and Investment securities (*2)	23,993	24,002	9	255,276	255,375	99
Total Assets	¥135,914	¥135,508	¥(406)	$1,446,055	$1,441,735	$(4,320)
Notes payable, accounts payable for construction contracts and other	47,451	47,418	(32)	504,853	504,511	(342)
Short-term loans payable	4,425	4,425	—	47,081	47,081	—
Long-term loans payable	770	762	(7)	8,194	8,112	(82)
Total Liabilities	¥52,646	¥52,606	¥(39)	$560,129	$559,704	$(425)
Derivatives	¥—	¥(19)	¥(19)	$—	$(209)	$(209)

(*1) Allowance for doubtful accounts estimated by each credit risk of notes receivable, accounts receivable from completed construction contracts and other is 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 is 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
	2012	2013	2013
Other securities			
Non-listed stocks	¥972	¥1,122	$11,940
Investment trusts	615	17	185
Non-listed foreign bonds	43	42	451

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, 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, 2013

	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	¥30,131	¥—	¥—	¥—
Notes receivable, accounts receivable from				
completed construction contracts and other	81,374	576	—	—
Short-term investment securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	2,999	1,010	—	—
Other securities with maturity date				
(Money in trust)	3,995	—	—	—
(Non-listed foreign bonds)	8	33	—	—
Total	¥118,510	¥1,619	¥—	¥—

March 31, 2013

	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	$320,580	$—	$—	$—
Notes receivable, accounts receivable from completed construction contracts and other	865,779	6,129	—	—
Short-term investment securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	31,915	10,746	—	—
Other securities with maturity date				
(Money in trust)	42,514	—	—	—
(Non-listed foreign bonds)	93	358	—	—
Total	$1,260,881	$17,234	$—	$—

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

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
Short-term loans payable	¥3,891	¥—	¥—	¥—	¥—	¥—
Long-term loans payable	285	291	199	112	70	250
Lease obligations	42	28	22	17	3	—
Total	¥4,218	¥320	¥222	¥129	¥74	¥250

March 31, 2013

	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
Short-term loans payable	¥4,127	¥—	¥—	¥—	¥—	¥—
Long-term loans payable	297	222	218	76	42	210
Lease obligations	37	30	25	12	3	1
Total	¥4,462	¥252	¥244	¥88	¥45	¥211

March 31, 2013

	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
Short-term loans payable	$43,913	$—	$—	$—	$—	$—
Long-term loans payable	3,168	2,365	2,329	813	452	2,236
Lease obligations	394	325	274	129	32	14
Total	$47,475	$2,690	$2,604	$942	$484	$2,250

10. Securities

(1) Held-to-maturity debt securities

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, 2013

	Millions of yen		
	Book value	Fair value	Difference
Securities whose fair value exceeds their book value	¥2,009	¥2,019	¥9
Securities whose fair value does not exceed their book value	2,000	2,000	—
Total	¥4,009	¥4,019	¥9

March 31, 2013

	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Securities whose fair value exceeds their book value	$21,382	$21,481	$99
Securities whose fair value does not exceed their book value	21,279	21,279	—
Total	$42,661	$42,760	$99

(2) Other securities

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, 2013

	Millions of yen		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	¥15,442	¥7,293	¥8,148
Securities whose book value does not exceed their acquisition cost			
Money in trust	3,500	3,500	—
Stocks	544	720	(176)
Bonds			
Other	495	500	(4)
Subtotal	4,540	4,720	(180)
Total	¥19,983	¥12,014	¥7,968

March 31, 2013

	Thousands of U.S. dollars		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	$164,303	$77,603	$86,700
Securities whose book value does not exceed their acquisition cost			
Money in trust	37,238	37,238	—
Stocks	5,798	7,670	(1,873)
Bonds			
Other	5,276	5,320	(44)
Subtotal	48,312	50,228	(1,916)
Total	$212,615	$127,831	$84,784

(3) Held-to-maturity debt securities sold

March 31, 2012

	Millions of yen		
	Book value	Sales amount	Gain (loss) on sales
Corporate bonds	¥—	¥—	¥—
Total	¥—	¥—	¥—

March 31, 2013

	Millions of yen		
	Book value	Sales amount	Gain (loss) on sales
Corporate bonds	¥990	¥985	¥(4)
Total	¥990	¥985	¥(4)

(The reason of the sold)
Based on the internal guideline, the Company judged that credit rating of corporate bonds issuers were extremely downgraded.

March 31, 2013

	Thousands of U.S. dollars		
	Book value	Sales amount	Gain (loss) on sales
Corporate bonds	$10,536	$10,485	$(51)
Total	$10,536	$10,485	$(51)

(4) Other securities sold

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, 2013

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	¥2,327	¥780	¥226
Non-listed foreign bonds	4	—	—
Total	¥2,331	¥780	¥226

March 31, 2013

	Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	$24,759	$8,301	$2,412
Non-listed foreign bonds	47	—	—
Total	$24,806	$8,301	$2,412

(5) 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 ¥ 31 million (US$ 335 thousand) and ¥ 145 million for other securities for which market quotation are available for the years ended March 31, 2013 and 2012 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, 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 is provided by financial institutions.

March 31, 2013

		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	¥72	¥—	¥(4)	¥(4)
	U.S. dollars	43	—	0	0
	British pounds	34	—	(0)	(0)
	Euros	8	—	0	0
	Sell				
	Yen	11	—	1	1
	U.S. dollars	149	—	(0)	(0)
	Total			¥(3)	¥(3)

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

March 31, 2013

Category	Transaction type	Contract amount	Over one year	Fair value	Unrealized gain (loss)
		Thousands of U.S. dollars			
Except for market transaction	Forward exchange contracts:				
	Buy				
	Yen	$771	$—	$(49)	$(49)
	U.S. dollars	459	—	6	6
	British pounds	365	—	(8)	(8)
	Euros	94	—	1	1
	Sell				
	Yen	126	—	15	15
	U.S. dollars	1,593	—	(1)	(1)
	Total			$(35)	$(35)

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

Currency-related transactions

March 31, 2012

Hedging method	Transaction type	Main hedged items	Contract amount	Over one year	Fair value
			Millions of yen		
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 is provided by financial institutions.

March 31, 2013

Hedging method	Transaction type	Main hedged items	Contract amount	Over one year	Fair value
			Millions of yen		
Deferral method	Forward exchange contracts				
	Buy				
	U.S. dollars	Accounts payable for construction contracts (forecast)	¥5	¥—	¥0
	Sell				
	Yen	Accounts receivable from completed construction contracts (forecast)	376	—	33
	U.S. dollars	Accounts receivable from completed construction contracts (forecast)	679	—	(46)
	Thai bahts	Accounts receivable from completed construction contracts (forecast)	422	40	(3)
	Total				¥(16)

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

March 31, 2013

Hedging method	Transaction type	Main hedged items	Contract amount	Over one year	Fair value
			Thousands of U.S. dollars		
Deferral method	Forward exchange contracts				
	Buy				
	U.S. dollars	Accounts payable for construction contracts (forecast)	$62	$—	$4
	Sell				
	Yen	Accounts receivable from completed construction contracts (forecast)	4,008	—	360
	U.S. dollars	Accounts receivable from completed construction contracts (forecast)	7,224	—	(500)
	Thai bahts	Accounts receivable from completed construction contracts (forecast)	4,494	434	(38)
	Total				$(173)

Interest-related transactions

March 31, 2012

Hedging method	Transaction type	Main hedged items	Contract amount	Millions of yen Over one year	Fair value
Special treatment	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, 2013

Hedging method	Transaction type	Main hedged items	Contract amount	Millions of yen Over one year	Fair value
Special treatment	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	¥372	¥306	(Note 1)
	Interest rate cap Buy	Long-term loans payable	¥45	¥22	(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, 2013

Hedging method	Transaction type	Main hedged items	Contract amount	Thousands of U.S. dollars Over one year	Fair value
Special treatment	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	$3,958	$3,257	(Note 1)
	Interest rate cap Buy	Long-term loans payable	$488	$244	(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.

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
	2012	2013	2013
Pension assets	¥36,729	¥35,975	$382,753
Retirement benefit obligations based on the financial calculations	53,301	53,425	568,412
Net Amount	¥(16,572)	¥(17,450)	$(185,658)

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

	2012	2013
Contribution ratio	20.47%	20.86%

Additional information

March 31, 2012

The main factors of net amount are additional amount of assets evaluation adjustment of ¥2,843 million and past service costs of ¥13,729 million. Unrecognized prior service costs are amortized over 19 years.

March 31, 2013

The main factors of net amount are past service costs of ¥13,855 million (US$ 147,409 thousand) and capital fund deficit of ¥3,595 million (US$ 38,249 thousand). Unrecognized prior service costs are amortized over 19 years.

(2) Projected benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Projected benefit obligations	¥(18,120)	¥(21,220)	$(225,773)
Pension assets (Including retirement benefit trust)	15,162	17,082	181,751
Sub total	(2,958)	(4,137)	(44,022)
Unrecognized actuarial differences (Including retirement benefit trust)	1,184	2,260	24,053
Unrecognized prior service costs	(1,255)	(961)	(10,230)
Provision for retirement benefits	¥(3,029)	¥(2,838)	$(30,199)

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
	2012	2013	2013
Pension assets	¥7,424	¥7,829	$83,304

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
	2012	2013	2013
Service costs	¥1,190	¥1,340	$14,257
Interest costs	362	363	3,871
Expected return on plan assets	(336)	(344)	(3,660)
Amortization of actuarial differences	558	476	5,065
Amortization of prior service costs	(293)	(293)	(3,128)
Contribution to defined contribution plan	27	29	317
Net retirement benefit expenses	¥1,508	¥1,571	$16,722

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

	2012	2013
Method of attributing the projected benefit obligations to periods of service	Straight-line basis	Straight-line basis
Discount rates	2%	1%
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 from the fiscal year of accrual.

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

13. Deferred tax accounting

(1) Significant components of deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Deferred tax assets			
Allowance for doubtful accounts	¥81	¥76	$815
Provision for loss on construction contracts	921	674	7,175
Provision for retirement benefits	987	882	9,390
Employee pension trust, investment securities	270	279	2,979
Provision for directors' retirement benefits	46	47	507
Accrued enterprise tax etc.	37	6	73
Accrued bonuses	922	1,223	13,022
Costs on uncompleted construction contracts	192	32	342
Loss on valuation of investment securities	194	202	2,152
Loss on valuation of golf club membership	96	84	894
Valuation difference on available-for-sale securities	202	63	676
Deficit carried forward	216	77	828
Foreign tax credit carried forward	118	144	1,533
Other	809	868	9,244
Sub total	5,098	4,664	49,630
Valuation allowance	(898)	(765)	(8,145)
Total deferred tax assets	4,199	3,899	41,485
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(1,999)	(2,788)	(29,671)
Retained earnings of consolidated overseas subsidiaries	(533)	(1,028)	(10,942)
Other	(82)	(138)	(1,472)
Total deferred tax liabilities	(2,615)	(3,955)	(42,085)
Net deferred tax assets (or liabilities)	¥1,584	¥(56)	$(600)

(Note) Net deferred tax assets (or liabilities) for the years ended March 31, 2013 and 2012 are recorded on the following account titles in the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars
	2012	**2013**	**2013**
Current assets — Deferred tax assets	¥2,540	**¥2,404**	**$25,587**
Noncurrent assets — Deferred tax assets	122	**239**	**2,546**
Current liabilities — Deferred tax liabilities	(19)	**(22)**	**(237)**
Noncurrent liabilities — Deferred tax liabilities	¥(1,059)	**¥(2,678)**	**$(28,496)**

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

This item is omitted because the burden rate difference between the effective statutory tax rate and the actual tax rate after the application of tax effect accounting is less than 5% of effective statutory tax rate.

14. 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 long-term deposits.

15. 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.

The profit of reportable segments is the amount on the basis of ordinary income. 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, 2012

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Consolidated
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 and amortization	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 amounts of Adjustments are as follows.

Adjustments of Segment profit of ¥46 million include non-allocatable common costs of ¥42 million and other adjustment of ¥4 million. Non-allocatable common costs are mainly dividend income etc. which are not attributed to any reportable segments.

Adjustments of Segment assets of ¥29,299 million are elimination of receivable and payable etc. of minus ¥4,010 million and non-allocatable common assets which are not allocated to any segments of ¥33,309 million . Non-allocatable common assets are mainly cash and deposits, short-term investment securities, tangible fixed assets, investment securities and deferred tax assets etc. which are not attributed to any reportable segments.

Adjustments of Increase in tangible and intangible assets of ¥209 million are machinery, equipment and vehicles, tools, furniture and fixtures and software etc. which are not attributed to any reportable segments.

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

March 31, 2013

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Consolidated
Sales					
Sales to customers	¥137,214	¥78,837	¥216,051	¥—	¥216,051
Intersegment	7	79	87	(87)	—
Total	137,222	78,916	216,138	(87)	216,051
Segment profit	5,045	5,543	10,589	138	10,728
Segment assets	69,260	56,404	125,665	37,349	163,014
Other items					
Depreciation and amortization	502	720	1,222	(10)	1,211
Amortization of goodwill	—	114	114	—	114
Interest income	108	114	222	39	261
Interest expenses	69	107	177	11	188
Equity in earnings of affiliates	—	38	38	—	38
Investments in associates accounted for using the equity method	—	473	473	—	473
Increase in tangible and intangible assets	¥135	¥2,784	¥2,919	¥517	¥3,436

Note 1. The amounts of Adjustments are as follows.

Adjustments of Segment profit of ¥138 million (US$ 1,478 thousand) include non-allocatable common costs of ¥135 million (US$ 1,437 thousand) and other adjustment of ¥3 million (US$ 41 thousand). Non-allocatable common costs are mainly dividend income etc. which are not attributed to any reportable segments.

Adjustments of Segment assets of ¥ 37,349 million (US$ 397,378 thousand) are elimination of receivable and payable etc. of minus ¥3,986 million (minus US$ 42,417 thousand) and non-allocatable common assets which are not allocated to any segments of ¥41,336 million (US$ 439,796 thousand). Non-allocatable common assets are mainly cash and deposits, short-term investment securities, tangible fixed assets, investment securities and deferred tax assets etc. which are not attributed to any reportable segments.

Adjustments of Increase in tangible and intangible assets of ¥517 million (US$ 5,501 thousand) are buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures and software etc. which are not attributed to any reportable segments.

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

March 31, 2013

	Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Consolidated
Sales					
Sales to customers	$1,459,882	$838,782	$2,298,663	$—	$2,298,663
Intersegment	84	844	927	(927)	—
Total	1,459,965	839,625	2,299,591	(927)	2,298,663
Segment profit	53,682	58,984	112,666	1,478	114,144
Segment assets	736,891	600,114	1,337,005	397,378	1,734,383
Other items					
Depreciation and amortization	5,343	7,662	13,005	(116)	12,890
Amortization of goodwill	—	1,220	1,220	—	1,220
Interest income	1,153	1,216	2,369	418	2,786
Interest expenses	738	1,146	1,884	124	2,008
Equity in earnings of affiliates	—	415	415	—	415
Investments in associates accounted for using the equity method	—	5,042	5,042	—	5,042
Increase in tangible and intangible assets	$1,437	$29,621	$31,058	$5,501	$36,560

(4) Information by region

Sales by regions

March 31, 2012

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast 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, 2013

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
¥91,954	¥11,909	¥36,404	¥27,841	¥25,852	¥2,314	¥6,447	¥13,327	¥216,051

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

March 31, 2013

Thousands of U.S. dollars

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
$978,340	$126,709	$387,326	$296,218	$275,052	$24,629	$68,593	$141,797	$2,298,663

Tangible fixed assets by regions

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, 2013

Millions of yen

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
¥5,009	¥349	¥355	¥1,008	¥1,237	¥309	¥225	¥8,494

March 31, 2013

Thousands of U.S. dollars

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
$53,297	$3,719	$3,783	$10,731	$13,162	$3,288	$2,395	$90,376

(5) Information by main customers

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, 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, 2013

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Impairment loss	¥—	¥118	¥118	¥30	¥149

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

March 31, 2013

	Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Impairment loss	$—	$1,262	$1,262	$328	$1,591

(7) Amortization and balance of goodwill by reportable segment

March 31, 2012

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Balance of 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, 2013

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Balance of goodwill	¥—	¥2,325	¥2,325	¥—	¥2,325

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

March 31, 2013

	Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Balance of goodwill	$—	$24,737	$24,737	$—	$24,737

(8) Gain on negative goodwill by reportable segments

March 31, 2012
There is nothing applicable.

March 31, 2013
There is nothing applicable.

16. Related party transaction

March 31, 2012
There is nothing applicable.

March 31, 2013
There is nothing applicable.

17. Detail of bonds

There is nothing applicable.

18. Detail of loans

March 31, 2013

	Millions of yen		Thousands of U.S. dollars		
	Beginning balance	Ending balance	Ending balance	Average interest rate (%)	Maturity
Short-term loans payable	¥3,891	¥4,127	$43,913	4.035	—
Current portion of long-term loans payable	285	297	3,168	2.667	—
Current portion of lease obligations	42	37	394	—	—
Long-term loans payable (excluding current portion)	924	770	8,194	2.692	August 2014 to May 2023
Lease obligations (excluding current portion)	72	72	774	—	April 2016 to October 2019
Total	¥5,215	¥5,305	$56,444	—	—

Note 1. The "Average interest rate" is the weighted average interest rate for the ending balance of loans etc.
Note 2. The average interest rates on lease obligations are not presented because interest equivalents in the total lease obligation are allocated to expenses every year by the straight-line method.
Note 3. The annual repayment schedules of long-term loans payable and lease obligations (excluding current portion) subsequent to March 31, 2013 are 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	¥222	¥218	¥76	¥42
Lease obligations	¥30	¥25	¥12	¥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	$2,365	$2,329	$813	$452
Lease obligations	$325	$274	$129	$32

19. 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.

20. 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 consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese Yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity 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 conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 referred to above present fairly, in all material respects, the consolidated financial position of Taikisha Ltd. and consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity 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 27, 2013

Corporate Directory

(As of July 1, 2013)

Location of office	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 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

7 Taikisha Canada Inc. — 1985
(C/O) 901 Tower Drive, Suite 150, Troy, Michigan 48098-2817, U.S.A.
Tel: 1-248-786-5000 Fax: 1-248-786-5001

Location of office	FOUNDATION

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

9 Taikisha Mexicana Services, S.A. DE C.V. — 1990
AV. Revolucion 88 2DO. Piso, Col. Tacubaya 11870 Mexico, D.F. Mexico
Tel: (55) 5516-2834

10 Taikisha do Brasil Ltda. — 1996
Rua Joan XXIII-No.-118-1andar-Jardim Paulista-Campo Limpo Paulista-Sao Paulo CEP:13231-120
Tel: 55-11-4038-8880 Fax: 55-11-4038-8880

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 office	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: 60-3-5623-7200 Fax: 60-3-5623-7201

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 office	FOUNDATION

21 **Taikisha Vietnam Engineering Inc.** — 1998
12th Floor, DETECH Tower, No. 8 Ton That Thuyet Street,
My Dinh, Tu Liem, 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 Posenchey,
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
Sheng Yang Bldg., 4th Floor, 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 office	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 **Geico 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 Pelizza da Volpedo, 109/111 20092 Cinisello Balsamo,
Milano, Italy
Tel: 39-2-660221 Fax: 39-2-66022

30 **Geico Brasil Ltda.** — 1995
Rua Francisco Rocha n. 2113, Bairo Bigorrilho,
Cep 80710, 540, Curitiba, Parana, Brasile
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-215000, China
Tel: 86-512-8555-0276

Location of office	FOUNDATION

33 **"Geico Russia" LLC** — 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
#1505 Greenland Center, No.596 Middle Long Hua Road,
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

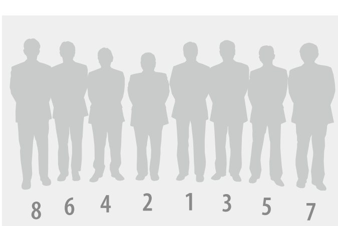
38 **Makiansia Engineering (M) Sdn. Bhd.** — 1981
No. 141, Jalan SS 17/1A, Subang Jaya, 47500 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel: 60-3-5635-2394 Fax: 60-3-5634-7004

Corporate Information

Directors and Auditors

1. Representative Director, Chairman Corporate Officer
Eitaro Uenishi

2. Representative Director, President Corporate Officer
Satoru Kamiyama



3. Director, Executive Corporate Officer
Kiyoshi Hashimoto

4. Director, Executive Corporate Officer
Toshiaki Shiba

5. Director, Executive Corporate Officer
Takashi Sakurai

6. Director, Managing Corporate Officer
Kouji Kato

7. Director, Managing Corporate Officer
Tetsuya Ogawa

8. Director
Shuichi Murakami

Audit & Supervisory Board Member
Mitsuru Sano

Audit & Supervisory Board Member
Katsuzo Konishi

Audit & Supervisory Board Member
Masaaki Saito

Audit & Supervisory Board Member
Yoshikatsu Nakajima

Audit & Supervisory Board Member
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-(0)3-3365-5320 Fax: 81-(0)3-5338-5195
Established:	April 10, 1913
Sales:	¥216,051 million (Consolidated: year ended March 2013)
Number of Employees:	4,892 (Consolidated: as of March 2013)

ISO Certification Obtained

ISO 9001

» Taikisha Ltd.
» TKS Industrial Company
» Taikisha (Singapore) Pte. Ltd.
» Taikisha (Thailand) Co., Ltd.
» Taikisha Engineering (M) Sdn. Bhd.
» P.T. Taikisha Indonesia Engineering
» Taikisha Philippines Inc.
» Wuzhou Taikisha Engineering Co., Ltd.
» Taikisha (Taiwan) Ltd.
» Geico Taikisha Europe Ltd.
» Geico S.p.A.
» Taikisha Engineering India Ltd.

ISO 14001

» Taikisha Ltd.
» TKS Industrial Company
» Taikisha (Singapore) Pte. Ltd.
» Taikisha (Thailand) Co., Ltd.
» Wuzhou Taikisha Engineering Co., Ltd.

History

1913 Kenzaisha (former name of Taikisha Ltd.) founded

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

1971 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

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 Established radiation related business alliance with Tokyo Nuclear Services Co., Ltd.
"Taikisha (R)" LLC established in Kaluga, Russia

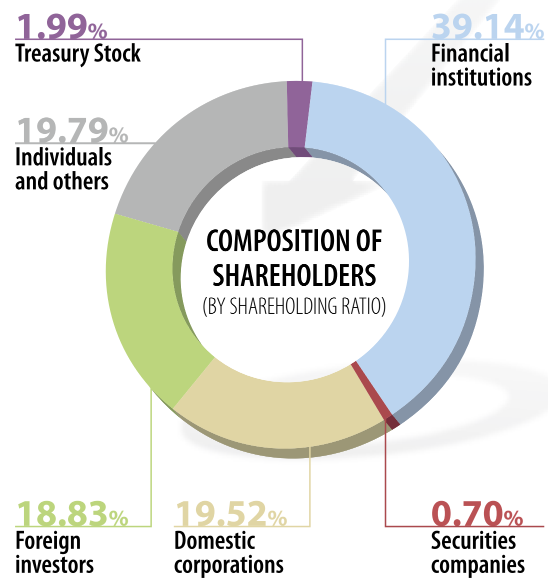
2010 Tianjin Taikisha Paint Finishing System Ltd. established in Tianjin, China.

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, 2013)

Authorized number of shares	100,000,000
Number of issued shares	36,782,009
Number of shareholders	4,253



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)	3,621	9.85
Kenzaisha Ltd.	2,000	5.44
Japan Trustee Services Bank, Ltd. (trust account)	1,807	4.91
Northern Trust CO AVFC Re Northern Trust Guernsey Irish Clients	1,149	3.12
Ruriko Uenishi	1,089	2.96
Dai ni Kenzaisha Ltd.	1,000	2.72
Taikisha Business Partners' Stock Ownership Association	999	2.72
Nippon Life Insurance Company	962	2.62
Taikisha Employees' Stock Ownership Association	824	2.24
Mizuho Corporate Bank, Ltd.	699	1.90

In addition to the above, 734,367 (1.99%) of the Company's shares are held by individuals.

TAIKI-SHA

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

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