Annual Report 2015

APR. 2014 - MAR. 2015

Corporate Policy: "Customers First"

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

Corporate Philosophy

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

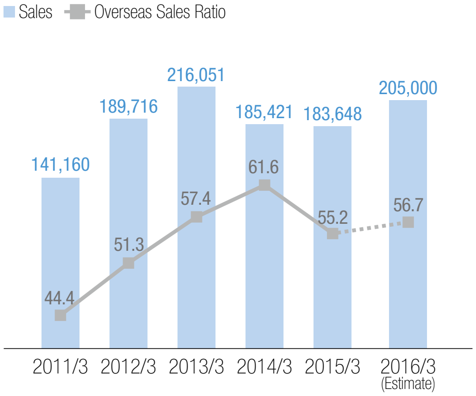
1) Make efforts to continue growth through increasing added value, and aim to create prosperity for customers and affiliated companies as well as affluent lives for employees.

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

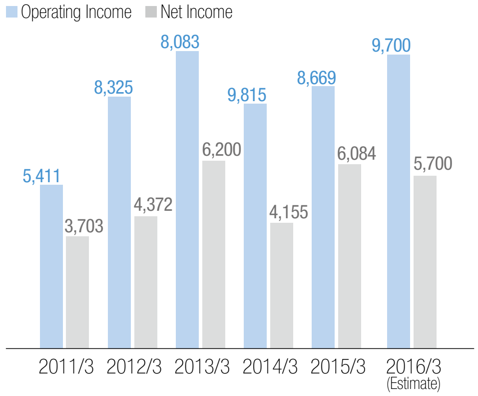
Philosophy and Vision

Financial Highlights

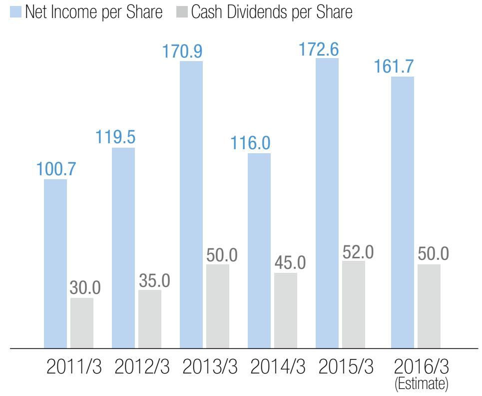
Sales & Overseas Sales Ratio (Millions of yen, %)



Operating Income & Net Income (Millions of yen)



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



2. Creating an attractive company

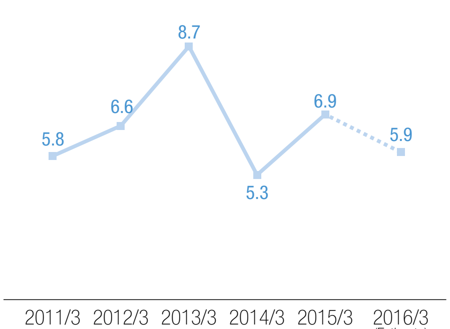
1) Aim at creating a motivation-oriented company where the creativity and vitality of each employee will be realized through their work.

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.

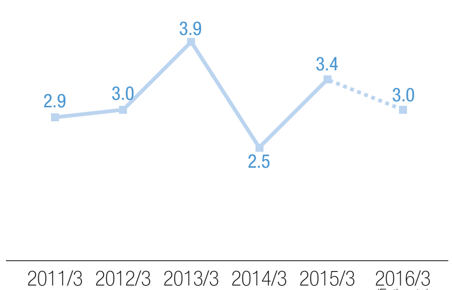
3) Aim at creating a unique company in all areas of company operations, including technology, market, and development of human resources, through amassing the expertise of "energy, air, and water".

Western Ghāts (India)

ROE (%)



ROA (%)



CONTENTS

We will continue to expand business with our advantage in the global network and environmental technologies.

First of all, I will describe the business environment surrounding the Company and its business results in the fiscal year ended March 31, 2015.

For the Green Technology System Division, there have been many signs of expanding business prospects in the Japanese market for HVAC for buildings, as the construction demand is growing thanks to increased urban redevelopment projects and various other projects planned for the scheduled hosting of Olympic Games in Tokyo.

Furthermore, in the field of industrial HVAC, the manufacturing industry is investing in domestic plant and equipment against the backdrop of the depreciation of the yen.

Looking back on overseas market, the Thai market was affected by political uncertainty, but it began to improve in the latter half of the year. In other emerging countries in Asia, however, domestic demand was sluggish due to worsened business confidence and other reasons, causing the capital investment by private sector to remain inactive.

The Paint Finishing System Division was, on the other hand, faced with a harsh business environment, including the postponement of plans to construct new factories by Japanese automakers due to low sales volumes in China.

Under these circumstances, our consolidated business results recorded ¥187,311 million in orders received as compared to our initial forecast of ¥206,500 million, and registered ¥183,648 million in net sales as compared to our initial forecast of ¥193,500 million. Thus, the actual results did not reach our forecasts.

However, our profitability improved due to the policy focused on obtaining profitable orders, proposal of VE at the site, reduction of procurement costs, and other efforts. As a result, operating income totaled ¥8,669 million. Although this amount is short of our initial forecast of ¥8,800 million, ordinary income amounted to ¥9,579 million, exceeding our initial forecast of ¥9,500 million, while net income registered ¥6,084 million, also exceeding our initial forecast of ¥5,100 million.

Next, I would like to describe our business forecasts for the current fiscal year.

We expect the amounts of orders received, sales, operating income, and ordinary income for the current fiscal year to exceed the results in the previous year. However, we expect that net income for the current fiscal year will be lower than that in the previous year because of the absence of special factors that increased the extraordinary income in the previous year, such as gain on disposal of noncurrent assets and reversal of allowance for loss on the dissolution of employees' pension fund.

Guided by our "Customers First" corporate policy, we will further expand our business on a global scale while continuing to contribute to the global environment by deploying our environmental technologies associated with "energy, air, and water."

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

Satoru Kamiyama
President and Representative Director

Q1 What specific initiatives will you promote for achieving the earnings forecasts for the fiscal year ending March 31, 2016?

I would like to describe four initiatives for achieving the earnings forecasts.

The first initiative aims to strengthen our capabilities to respond to overseas market needs.

Market demand in Southeast Asia is presently showing signs of a slowdown, but considering future business after the 2020 Tokyo Olympic Games, this region is definitely the most important market for ensuring continuous and stable business for the Taikisha Group. In cooperation with national staff, we will conduct strategic sales activities towards local companies as well as Japanese-based companies and try to increase orders received and enhance the foundations of individual business bases.

Overseas projects, in particular, often call for a package contract including electrical work and building construction. Therefore, we need to focus on improving our general technological capability and seeking opportunities to obtain more orders.

In recent years, the manufacturing industry is promoting reconstruction of production bases and systems based mainly on dispersion of production bases, avoidance of overconcentration of production bases in specific areas, and implementation of measures against rising overseas labor costs. We will pay attention to this trend, and strive to obtain information on these activities of customers at an early stage.

The second initiative is to actively respond to domestic market needs.

The market in Japan for HVAC for buildings is becoming active mainly in Tokyo, suggesting developers' willingness to invest. Maximizing such business opportunities, we will obtain orders for large building new construction projects. At the same time, we will also conduct energetic sales activities to secure orders for renovation projects based on equipment life cycles.

In Tokyo, we focus on obtaining orders for Olympics-related facility development projects. In Osaka and Nagoya, where market activities are sluggish and projects are small in number as compared to those in Tokyo, we will narrow down target projects and strive to acquire orders.

Thirdly, we will work on expanding our business domain. With regard to the paint finishing system business, the growth of global automobile production is expected to slow down significantly. In China, where automobile production has been showing an increasing trend, sales of Japanese automakers are losing momentum at the present. This situation is not favorable for us.

Against this backdrop, we have been endeavoring to expand sales by continuing the promotion of paint finishing system for use in production of products other than automobiles, such as for airplanes, railway vehicles, and motorcycles, and also by further strengthening our capabilities related to painting robot applications and conveyor systems.

As for "Taiki Green Farm," a plant factory using only artificial lighting, we received the first overseas order in Vietnam in the previous fiscal year. Using it as a springboard, we plan to promote the product in overseas markets.

The fourth initiative is to address the improvement of profitability. We will continue to promote the policy focused on obtaining profitable orders as well as cost reduction efforts and localization activities.

Along with the initiatives mentioned above, our management will focus on not only profit and loss accounts but also balance sheet and cash flow and strive to improve our corporate value from the mid-and-long-term viewpoint.

Q2 Do you think the business targets can be achieved in this fiscal year, which is the final year of the Mid-Term Business Plan?

The targets specified in the Mid-Term Business Plan were established in 2013. However, because the environment surrounding our business has changed dramatically since then, it is very difficult to achieve the targets. Nonetheless, we will endeavor to do our best toward achieving the targets.

Incidentally, we plan to announce our next Mid-Term Business Plan in May next year. The new plan will incorporate additional targets such as ROE, in addition to the conventional earnings target, and promote management with greater emphasis on improvement of capital efficiency. At the same time, we will include initiatives for reinforcing corporate governance in efforts to ensure sustainable business growth and improve corporate value from the mid-and-long-term perspective.

Forecasts of business results for the fiscal year ending March 31, 2016 and targets specified in the Mid-Term Business Plan

(Millions of yen)

		Forecast for fiscal year ending March 31, 2016	Target specified in Mid-Term Business Plan	Difference (Amounts)	Difference (%)
Orders received		215,000	232,000	-17,000	-7.33%
Net sales of completed construction contracts		205,000	228,000	-23,000	-10.09%
Operating income	Amount	9,700	10,600	-900	-8.49%
	Profit ratio	4.73%	4.65%	0.08%	—
Ordinary income	Amount	10,600	11,100	-500	-4.50%
	Profit ratio	5.17%	4.87%	0.30%	—
*Net income attributable to owners of parent company	Amount	5,700	6,400	-700	-10.94%
	Profit ratio	2.78%	2.81%	-0.03%	—

* The target specified in the Mid-Term Business Plan is the net income for the current fiscal year.

<Applicable currency exchange rates >

(Yen)

	US$	Euro	Thai baht
Business forecasts for the fiscal year ending March 31, 2016	106	136	3.3
Target specified in the Mid-Term Business Plan	97	126	3.3

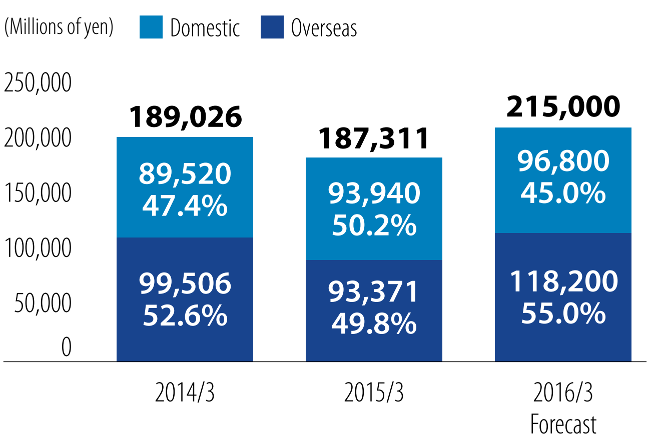
Q3 While overseas construction markets are slightly decelerating now, the tide seems to be running in favor of the Japanese construction market. What are your policies in response to the changes in domestic and overseas market environments?

In Japan, with the "Abenomics effect", Tokyo Transforming projects have been driven by hosting of Tokyo Olympic Games, and therefore, prospects have become brighter. The depreciation of the yen is also spurring domestic investment among manufacturers. Due to inflation concerns, we would like to promote our business with keeping balance between orders volume and the profitability. In other countries although the prospect for growth rate has been stagnant in some emerging countries on a temporary basis, we expect that investment will continue in the mid-to-long-term.

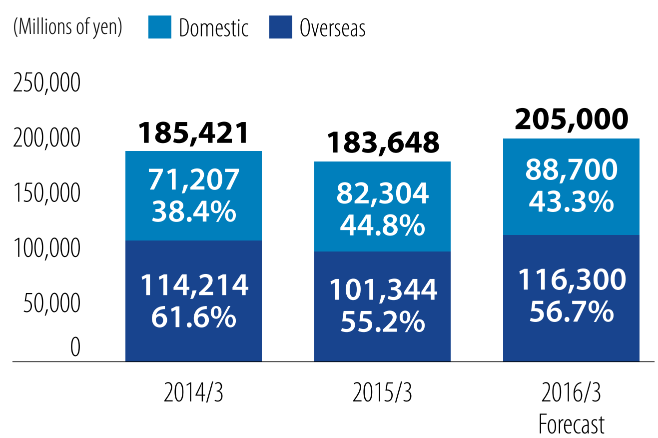
We will work persistently on expanding our overseas business.

We are steadily promoting the localization of overseas subsidiaries. This enables us to conduct after-sales follow-up activities such as maintenance services to enhance customer satisfaction. We have 34 consolidated subsidiaries in 19 countries outside Japan, and we are presently establishing a system that allows us to flexibly use our resources (human resources, goods, and money). We will maximize our extensive global network to obtain more orders from not only Japanese-based companies but also local companies in the future.

Consolidated Orders Received



Consolidated Sales



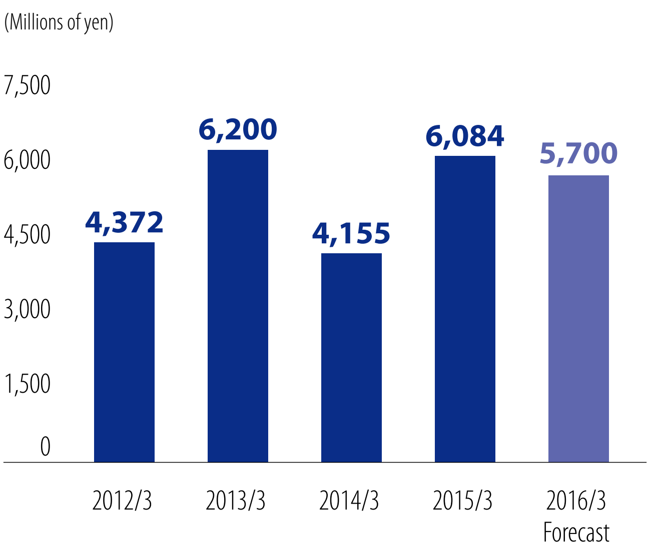
Q4 *What is your policy on shareholders returns?*

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.

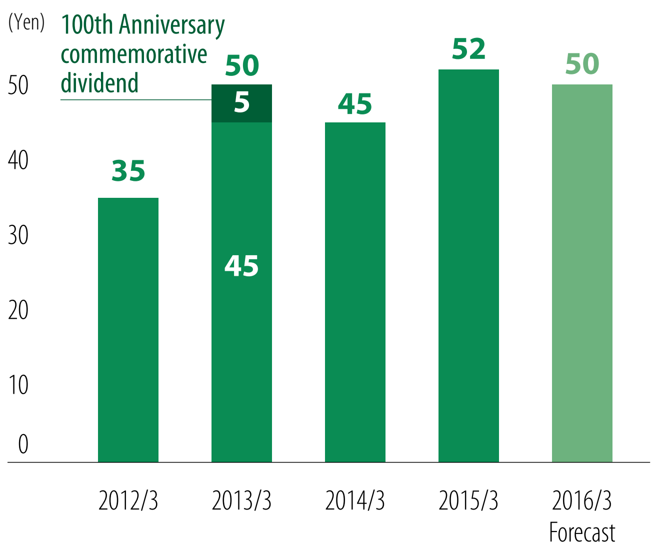
The total dividends for the fiscal year ending March 31, 2016 will be ¥50 per share. The interim dividend will be ¥25 per share, and the year-end dividend is slated to be ¥25 per share.

We acquired 680,000 shares of the Company's common stock in May 2015. We consider continuing to acquire treasury stock for the purposes of improving our capital efficiency as well as realizing flexible financial policies.

Net Income



Cash Dividends per Share



The Company paid a performance-based dividend of ¥52 per share for the fiscal year ended March 2015. It plans to pay the dividend to ¥50 per share for the fiscal year ending March 2016.

Green Technology System Division

Business Overview / Business Report for the Fiscal Year under Review

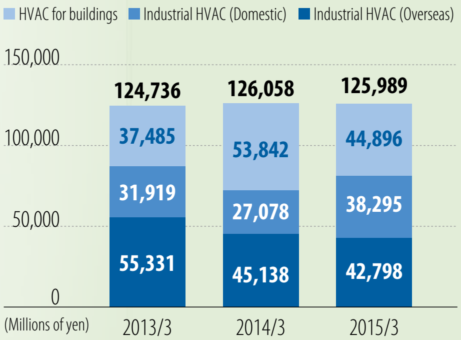
Green Technology System Business mainly consists of an Industrial HVAC business (for clean rooms and other manufacturing facilities) and a Building HVAC business (for office buildings) those designs and constructs HVAC systems both in Japan and overseas.
For the industrial HVAC system business, the Company is responding to the growing construction needs resulting from the overseas business development of Japanese-based companies as well as the project of local-based companies.
In the Building HVAC system business, hosting of the Tokyo Olympic Games in 2020 boosts the demands for new construction / reconstruction / renovation works, and the Company will expand orders with promoting proposal for energy-saving technologies.
Orders received by the Green Technology System Division in the fiscal year ended March 31, 2015 amounted to ¥125,989 million (a decrease of 0.1% from the previous fiscal year).
Net sales of the Division totaled ¥116,150 million (an increase of 0.6% on the previous fiscal year).

Topics

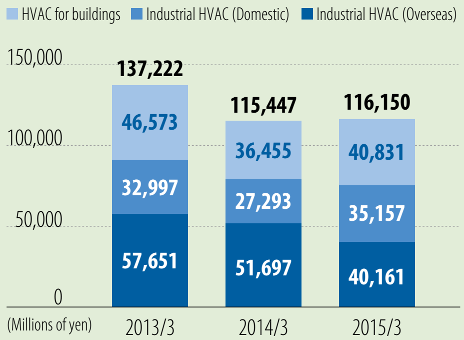
Acquisition of order for the construction of a new parenteral manufacturing facility from OLIC (Thailand) Limited

Taikisha (Thailand) Co., Ltd. received an order for the construction of a new injection agent plant from OLIC (Thailand) Limited, Fuji Pharma's group company in Thailand, and held a foundation stone laying ceremony in January 2015. Taikisha (Thailand) signed a turn-key contract for the building construction, air conditioning system installation, and electrical works. In addition, the project requires advanced technologies for ensuring compliance with pharmaceutical production and quality control standards.

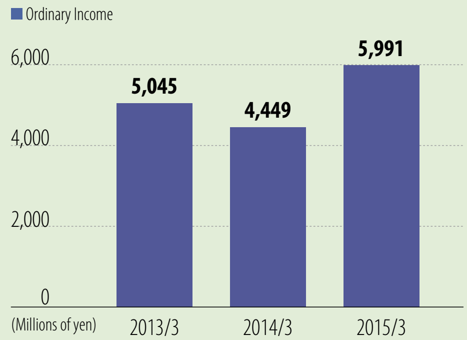
Orders Received by Segment

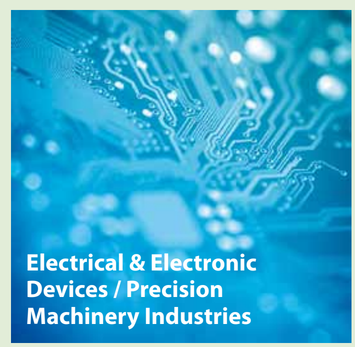


Sales by Segment



Ordinary Income by Segment





Topics

Acquisition of order for the first overseas construction of a plant factory using only artificial lighting

Taikisha Vietnam Engineering Inc., a consolidated subsidiary of the Company in Vietnam, obtained an order for the construction of a plant factory using only artificial lighting, which will be the first to be built outside Japan by the Taikisha Group.

This order was received from Rrfarn Green Farm Company Limited (head office: Long An Province, Vietnam), which is involved in the plant factory business as a subsidiary of the automotive parts manufacturer, Tanabe Corporation (head office: Okazaki City, Aichi). The plant factory is scheduled for completion in August 2015, and it will yield approximately 1,700 heads per day of leaf lettuce and others.

The Company was able to successfully obtain the order because the Company has a business base in Vietnam, is capable of establishing a maintenance system for the factory after the commencement of operation, and has a good track record of constructing plant factories in Japan. The Company will explore demand for this product in the markets in Southeast Asia and also in countries and regions where growing vegetables is difficult, such as the Middle East and Russia, in the future.

Paint Finishing System Division

Business Overview / Business Report for the Fiscal Year under Review

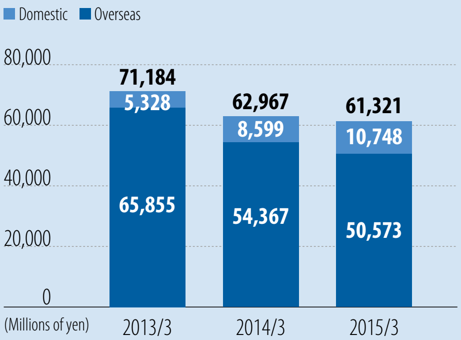
The Paint Finishing System Business mainly consists of an automobile paint plant design and construction business, whose major customers are domestic and overseas automobile manufacturers. The business of the Company has one of the largest sales in this field globally. As automobile production volume is expected to continue increasing around the globe, the Company is allocating management resources preferentially to markets with high growth potential. It is also expanding our business field to include manufacturers of motorcycles, airplanes, automotive parts, and others, and also actively addressing the business for peripheral equipment such as conveyor systems for automobile body, painting equipment, paint circulation systems, etc. Orders received by the Paint Finishing System Division in the fiscal year ended March 31, 2015 amounted to ¥61,321 million (a decrease of 2.6% from the previous fiscal year), and net sales totaled ¥67,614 million (a decrease of 3.5% from the previous fiscal year).

Topics

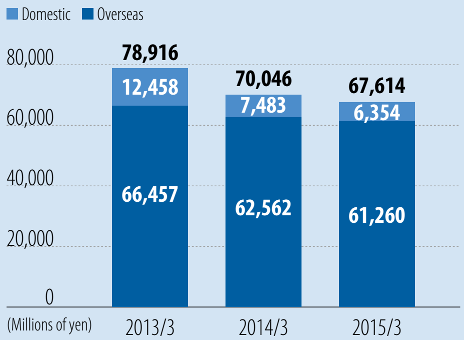
Completion of Mazda's new paint plant in Mexico

In January 2014, Mazda's new plant called "Mazda de Mexico Vehicle Operation" was completed in Guanajuato, Mexico. The plant produces small passenger cars for the markets in North America, Latin America, and Europe. The plant started operation with an annual production capacity of 140,000 vehicles, and will increase the capacity to 250,000 vehicles per year during the fiscal year ending March 31, 2016. The company was responsible for designing and constructing the entire paint finishing systems excluding the painting robots.

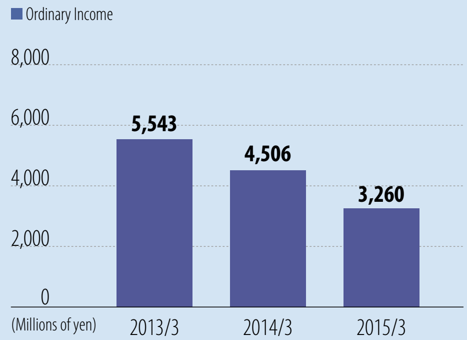
Orders Received by Segment

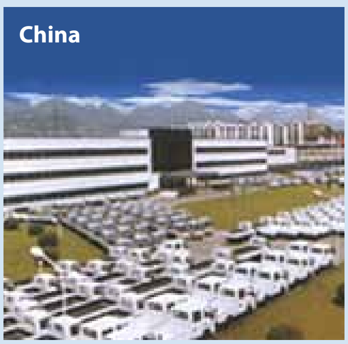


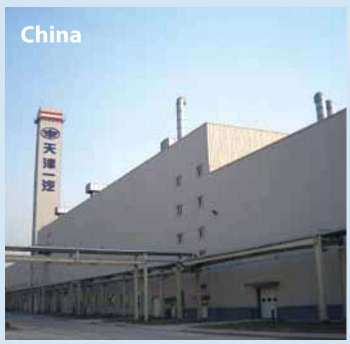
Sales by Segment

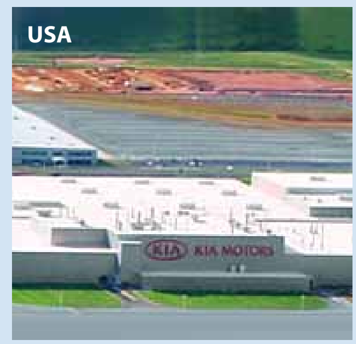


Ordinary Income by Segment









Topics

Business and capital alliance formed with Encore in the U.S. for strengthening business in North America and expanding the business domain

In June 2014, Taikisha formed a business and capital alliance with Encore Automation LLC (Michigan USA, hereinafter "Encore").

Encore is an engineering company in the robot application system field, which is the same case with Taikisha's Automation System Head Office of Paint Finishing System Division.

Through close cooperation with Encore, Taikisha aims to achieve a further increase in the robot application system business of the Paint Finishing System Division in the North American market as well, strengthening the after sales network in the North American market.

In addition, Taikisha will expand the robot application system business of Encore also in markets other than North America through Taikisha's overseas network.

(Encore's unique technology)

1. Painting systems for aircraft
2. Automatic wiping system
   ⇨ It automatically brushes away dust on the body before painting.
3. Automatic polishing system
   ⇨ It automatically smooths the body before and after painting to improve the smoothness of the paint.

(Encore's main clients)

American automobile manufacturers located mainly in North America and aircraft manufacturers

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

Diffusion of VOC Treatment technology in China and Southeast Asia

The Company supplies VOC Treatment systems to various manufacturers' factories around the world. It has delivered more than 120 units in many countries, particularly those with rapid economic growth such as China, Thailand, Malaysia, and India. Many of those systems are still in operation.

As environmental regulations are growing increasingly stricter around the world and improvement of air pollution prevention measures is becoming a pressing issue, the overseas demand for VOC Treatment systems is expected to increase at a greater rate.

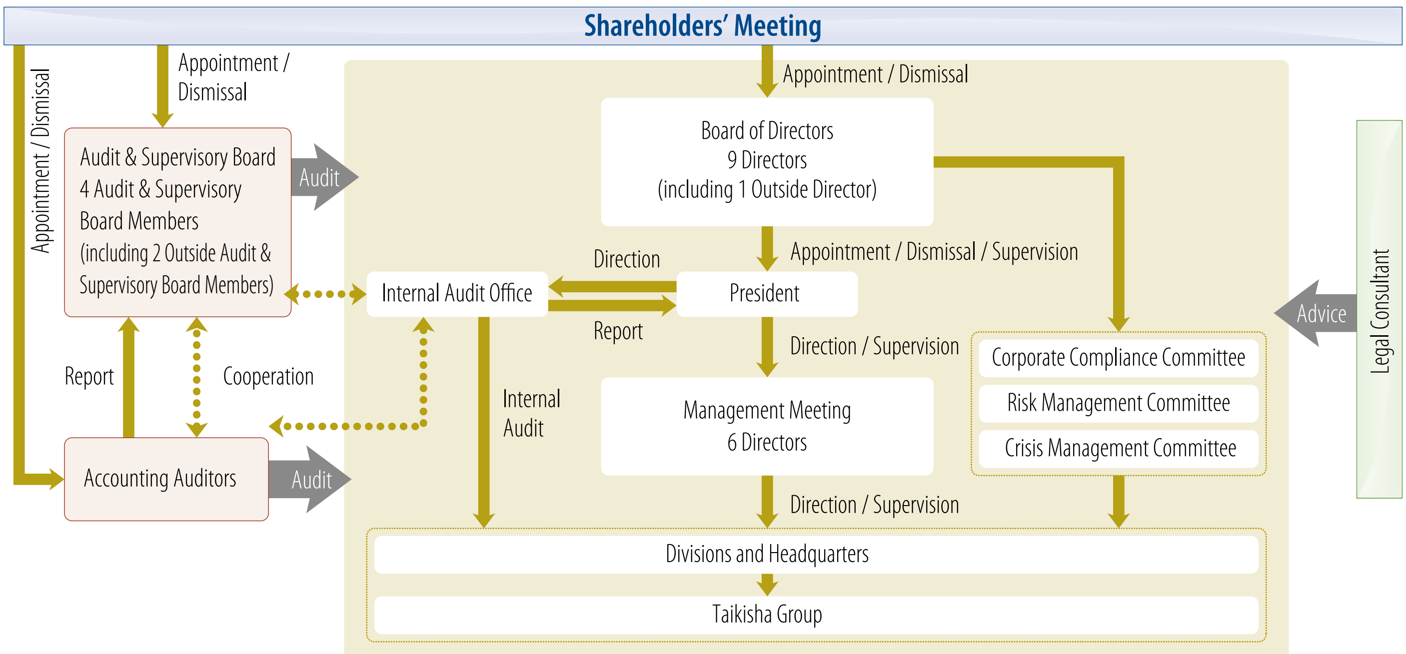
In view of this, the Company established a system to manufacture VOC Treatment systems locally in China and Thailand.

By drawing on its global network and environmental technologies fostered over many years, it is endeavoring to obtain more orders for VOC Treatment systems.

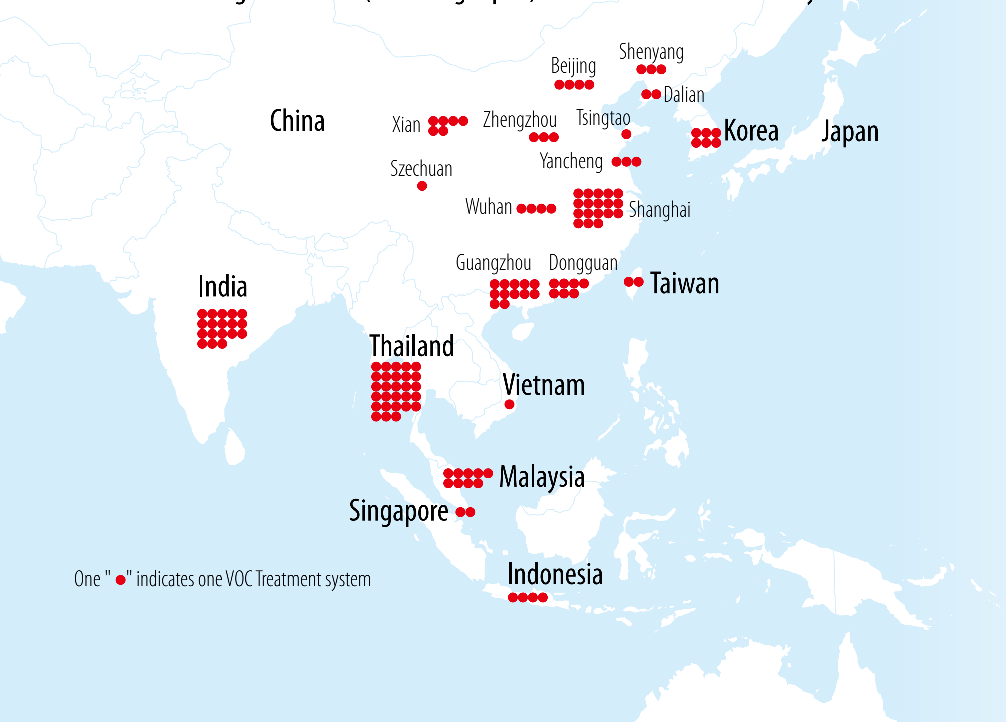
Compliance Information

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



Countries and regions in Asia (excluding Japan) where our VOC Treatment systems are installed



One "●" indicates one VOC Treatment system

VOC Treatment system

MANAGEMENT'S DISCUSSION AND ANALYSIS

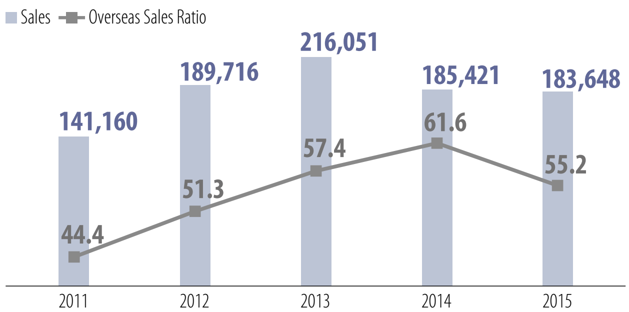
FIVE-YEAR SUMMARY : Taikisha Ltd. and its Consolidated Subsidiaries for the years ended March 31, 2011 to 2015

	Millions of yen (except per share amounts)					Thousands of U.S. dollars
CONSOLIDATED	2011	2012	2013	2014	**2015**	**2015**
Orders received:	¥165,638	¥195,268	¥195,920	¥189,026	**¥187,311**	**$1,557,426**
Green Technology System Division						
Environmental facilities(HVAC for building)	32,278	33,268	37,485	53,842	**44,896**	**373,294**
Industrial facilities(industrial HVAC)	79,416	86,817	87,251	72,216	**81,093**	**674,264**
Paint Finishing System Division	53,943	75,182	71,184	62,967	**61,321**	**509,868**
Sales:	¥141,160	¥189,716	¥216,051	¥185,421	**¥183,648**	**$1,526,969**
Green Technology System Division						
Environmental facilities(HVAC for building)	30,857	42,233	46,573	36,455	**40,827**	**339,463**
Industrial facilities(industrial HVAC)	72,268	84,943	90,641	78,989	**75,307**	**626,155**
Paint Finishing System Division	38,034	62,540	78,837	69,976	**67,513**	**561,351**
Net income	3,703	4,372	6,200	4,155	**6,084**	**50,592**
Comprehensive income	2,261	4,255	11,006	10,852	**14,320**	**119,066**
Total assets	¥132,698	¥156,108	¥163,014	¥166,680	**¥188,283**	**$1,565,511**
Total net assets	66,978	69,602	78,537	84,712	**99,669**	**828,717**
Equity ratio (%)	48.8	42.9	46.2	48.3	**50.4**	**–**
Return on equity (%)	5.8	6.6	8.7	5.3	**6.9**	**–**
Net income per share	¥100.73	¥119.52	¥170.99	¥116.08	**¥172.64**	**$1.44**
Cash dividends per share	30.00	35.00	50.00	45.00	**52.00**	**0.43**
Net assets per share	1,762.28	1,834.99	2,087.16	2,282.56	**2,690.76**	**22.37**

NON-CONSOLIDATED	2011	2012	2013	2014	**2015**	**2015**
Orders received:	¥84,349	¥102,248	¥88,223	¥104,576	**¥100,479**	**$835,449**
Green Technology System Division						
Environmental facilities(HVAC for building)	30,950	31,736	36,075	51,477	**42,832**	**356,133**
Industrial facilities(industrial HVAC)	34,695	38,305	31,815	27,478	**38,482**	**319,972**
Paint Finishing System Division	18,703	32,206	20,332	25,620	**19,164**	**159,344**
Sales:	¥89,763	¥109,205	¥107,049	¥86,200	**¥93,297**	**$775,735**
Green Technology System Division						
Environmental facilities(HVAC for building)	29,557	40,947	44,929	34,532	**38,530**	**320,362**
Industrial facilities(industrial HVAC)	38,553	45,091	32,777	28,041	**35,386**	**294,223**
Paint Finishing System Division	21,651	23,166	29,342	23,626	**19,381**	**161,150**

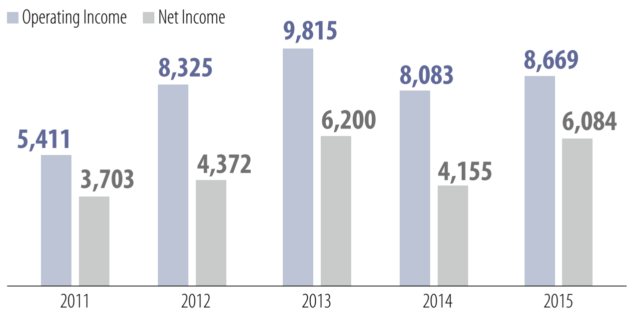
Sales & Overseas Sales Ratio

(Millions of yen, %)



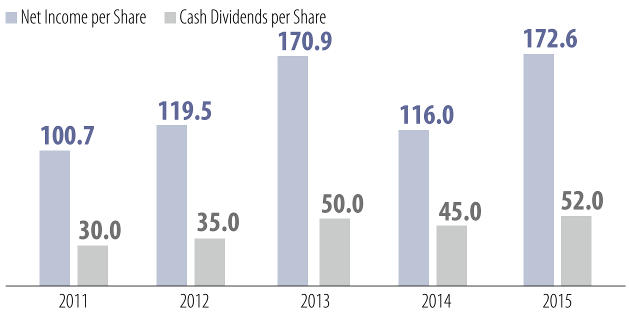
Operating Income & Net Income

(Millions of yen)



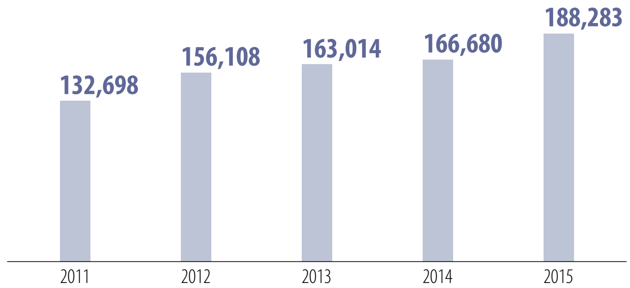
Net Income per Share & Cash Dividends per Share

(¥)



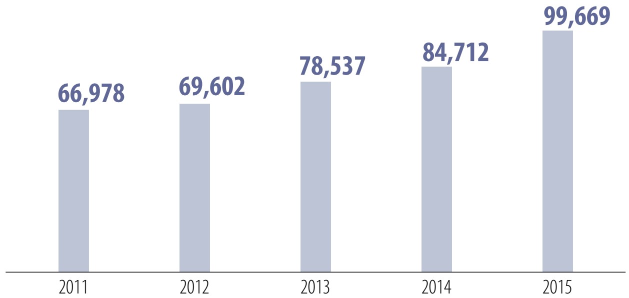
Total Assets

(Millions of yen)



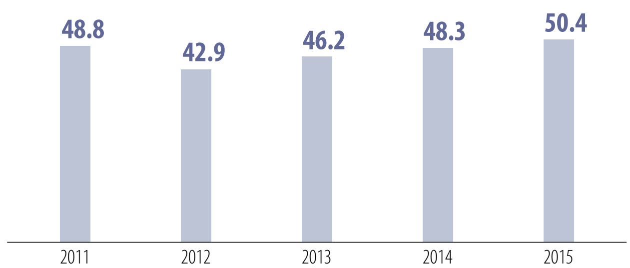
Total Net Assets

(Millions of yen)



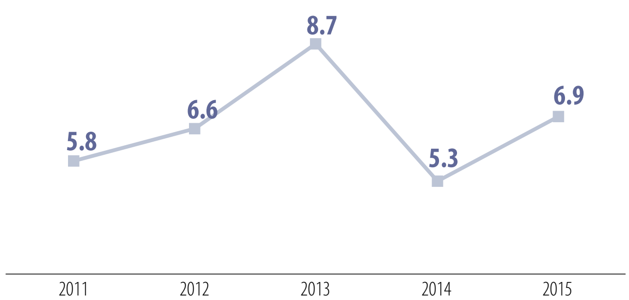
Equity Ratio

(%)



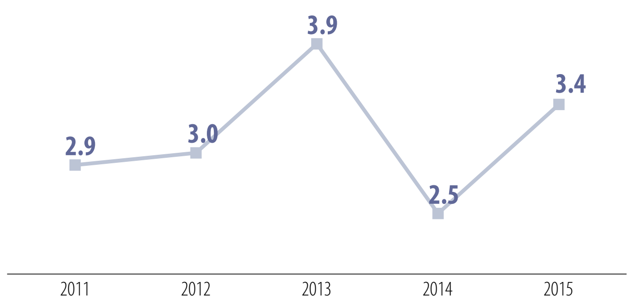
ROE

(%)



ROA

(%)



RESULTS OF OPERATIONS (OVERVIEW)

The results for the fiscal year ended March 31, 2015

Earnings Overview

The world economy for the fiscal year ended March 31, 2015 was as follows. The U.S. economy steadily recovered and the European economy showed movement towards recovery. Meanwhile, the economic growth rate in China continued to show a gradual downward trend, though the Asian economy as a whole maintained solid growth. As for the Japanese economy, it gradually recovered with an increase in exports and production and an improvement in corporate profits, which are supported by yen depreciation due to various economic policies of the government.

In this situation, consolidated orders received decreased 0.9% year-on-year to ¥187,311 million, including overseas orders received of ¥93,371 million, which decreased 6.2% year-on-year. This is mainly due to a decrease in orders received in China, Singapore, and Indonesia, despite an increase in Japan, India and Thailand.

Consolidated sales decreased 1.0% year-on-year to ¥183,648 million, including overseas sales of ¥101,344 million, which decreased 11.3% year-on-year. This is mainly due to a decrease in sales in Thailand, North America, and Singapore, despite the increase in Japan.

As a result of focusing more on profitability in sales activities as well as cost reduction, gross profit ratio increased 0.6% year-on-year to 14.8%, gross profit on completed construction contracts increased ¥877 million year-on-year to ¥27,218 million, operating income increased ¥586 million year-on-year to ¥8,669 million, and ordinary income increased ¥287 million year-on-year to ¥9,579 million, though consolidated sales decreased ¥1,773 million year-on-year.

Net income increased ¥1,929 million year-on-year to ¥6,084 million, as a result of adding up gain on disposal of non-current assets of ¥1,162 million and reversal of reserve for loss on dissolution of employees' pension fund of ¥400 million as extraordinary income, despite adding up loss on disposal of non-current assets of ¥842 million as extraordinary loss.

Earnings by reporting segments (including intersegment transactions) are as follows.

Green Technology System

Consolidated orders received in the Green Technology System Division decreased compared to the previous year. This is mainly due to sluggish orders received in building HVAC such as medical welfare facilities and administrative facilities. Consolidated sales increased in building HVAC. Consolidated sales decreased in industrial HVAC because the volume of overseas construction contracts such as in Thailand decreased compared to the previous year.

As a result, consolidated orders received decreased 0.1% year-on-year to ¥125,989million. Orders received for building HVAC decreased 16.6% year-on-year to ¥44,896 million and orders received for industrial HVAC increased 12.3% year-on-year to ¥81,093 million. Consolidated sales increased 0.6% year-on-year to ¥116,150 million. Sales for building HVAC increased 12.0% year-on-year to ¥40,831 million and sales for industrial HVAC decreased 4.6% year-on-year to ¥75,318 million. Ordinary income increased ¥1,542 million year-on-year to ¥5,991 million.

Paint Finishing System

Consolidated orders received in the Paint Finishing System Division decreased. This is mainly due to sluggish demand for construction in China and Malaysia, though orders received increased such as in India and Brazil. Consolidated sales decreased because the volume of construction contracts such as in North America and Thailand decreased compared to the previous year.

As a result, consolidated orders received decreased 2.6% year-on-year to ¥61,321 million and consolidated sales decreased 3.5% year-on-year to ¥67,614 million. Ordinary income decreased ¥1,246 million year-on-year to ¥3,260 million.

Financial Condition

Assets

As of March 31, 2015, current assets increased 7.1% year-on-year to ¥141,022 million. This is mainly due to increase in cash and deposits of ¥3,988 million, notes receivable, accounts receivable from completed construction contracts and other of ¥5,309 million, despite a decrease in securities of ¥1,509 million.

Non-current assets increased 34.8% year-on-year to ¥47,261 million. This is mainly due to an increase in investment securities of ¥6,751 million and net defined benefit asset of ¥4,810 million.

As a result, total assets increased 13.0% year-on-year to ¥188,283 million.

Liabilities

As of March 31, 2015, current liabilities increased 6.4% year-on-year to ¥78,060 million. This is mainly due to increase in notes payable, accounts payable for construction contracts and other of ¥1,093 million, short-term loans payable of ¥4,042 million, despite decrease in advances received on uncompleted construction contracts of ¥1,591 million.

Non-current liabilities increased 22.8% year-on-year to ¥10,553 million. This is mainly due to an increase in deferred tax liabilities of ¥3,817 million, despite a

Indicators of consolidated financial position are as follows:

(Years ended March 31)

	2011	2012	2013	2014	**2015**
Equity ratio (%)	48.8	42.9	46.2	48.3	**50.4**
Equity ratio on market value basis (%)	43.8	39.7	47.1	47.3	**56.0**
Debt to cash flow ratio (%)	58.1	287.7	49.2	85.6	**750.4**
Interest coverage ratio (Times)	62.7	7.9	57.5	30.8	**6.3**

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 shares) 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.

decrease in net defined benefit liability of ¥1,074 million and reserve for loss on dissolution of employees' pension fund of ¥400 million.

As a result, total liabilities increased 8.1% year-on-year to ¥88,614 million.

Net assets

As of March 31, 2015, total net assets increased 17.7% year-on-year to ¥99,669 million. This is mainly due to increase in retained earnings of ¥6,943 million, valuation difference on available-for-sale securities of ¥3,811 million, foreign currency translation adjustment of ¥2,583 million, and accumulated remeasurements of defined benefit plans of ¥1,047 million.

Cash flow

Cash and cash equivalents as of March 31, 2014 and 2015 were ¥39,861 million and ¥40,505 million respectively. Compared to the previous year, it increased ¥644 million.

Cash provided by (used in) operating activities

Cash provided by operating activities as of March 31, 2014 and 2015 were ¥7,532 million and ¥1,401 million respectively. Cash increased due to adding up income before income taxes and minority interests and decrease in inventories etc., though cash decreased due to increase in notes and accounts receivable - trade and 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, 2014 and 2015 were ¥1,194 million and ¥3,900 million respectively. Cash decreased due to the excess of payments into time deposits over proceeds from withdrawal of time deposits, the excess of purchase of securities over proceeds from redemption of securities, and the excess of purchase of investment securities over proceeds from redemption of investment securities etc., though cash increased due to proceeds from sales of property, plant and equipment and intangible assets over purchase of property, plant and equipment and intangible assets.

Cash provided by (used in) financing activities

Cash provided by financing activities as of March 31, 2014 was ¥3,290 million, and cash used in financing activities as of March 31, 2015 was ¥1,264 million respectively. Cash increased due to net increase in short-term loans payable and proceeds from long-term loans payable etc., though cash decreased due to repayments of long-term loans payable and payments of dividends etc.

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, 2015.

Changes in Private Capital Investment

Because of the changes in the economic situation, 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 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, the 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 a 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 a 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 a 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 associates

Taikisha Group consists of Taikisha Ltd., 37 subsidiaries, and 3 associates. Taikisha Ltd. and 3 subsidiaries are domiciled in Japan, and 34 subsidiaries and 3 associates are domiciled overseas.

CONSOLIDATED BALANCE SHEETS

Taikisha Ltd. and its Consolidated Subsidiaries : As of March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
Assets	2014	**2015**	**2015**
Current assets:			
Cash and deposits (Notes 3, 7 and 9)	¥39,831	**¥43,819**	**$364,345**
Notes receivable, accounts receivable from completed construction contracts and other (Note 9)	73,298	**78,607**	**653,595**
Securities (Notes 7, 9 and 10)	6,009	**4,500**	**37,416**
Costs on uncompleted construction contracts (Note 3)	3,741	**3,109**	**25,856**
Raw materials and supplies	410	**332**	**2,761**
Deferred tax assets (Note 13)	1,704	**1,625**	**13,517**
Other	6,919	**9,573**	**79,597**
Allowance for doubtful accounts (Note 9)	(301)	**(546)**	**(4,541)**
Total current assets	131,613	**141,022**	**1,172,546**
Non-current assets:			
Property, plant and equipment			
Buildings and structures	8,504	**7,352**	**61,134**
Machinery, vehicles, tools, furniture and fixtures (Notes 3 and 8)	7,034	**7,838**	**65,175**
Land	2,860	**2,109**	**17,542**
Other	412	**551**	**4,585**
Accumulated depreciation	(10,041)	**(9,808)**	**(81,555)**
Total property, plant and equipment	8,769	**8,043**	**66,881**
Intangible assets			
Goodwill (Note 19)	2,779	**3,481**	**28,944**
Other	936	**1,165**	**9,695**
Total intangible assets	3,715	**4,647**	**38,639**
Investments and other assets			
Investment securities (Notes 3, 9 and 10)	19,634	**26,385**	**219,384**
Deferred tax assets (Note 13)	300	**464**	**3,862**
Net defined benefit asset (Note 12)	–	**4,810**	**39,997**
Other	2,678	**3,047**	**25,339**
Allowance for doubtful accounts	(31)	**(136)**	**(1,137)**
Total investments and other assets	22,582	**34,571**	**287,445**
Total non-current assets	35,067	**47,261**	**392,965**
Total assets	¥166,680	**¥188,283**	**$1,565,511**

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

Liabilities and Net assets	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Current liabilities:			
Notes payable, accounts payable for construction contracts and other (Note 9)	¥44,600	**¥45,693**	**$379,923**
Short-term loans payable (Notes 9 and 22)	5,850	**9,892**	**82,254**
Income taxes payable (Note 9)	950	**1,416**	**11,776**
Deferred tax liabilities (Note 13)	66	**1**	**13**
Advances received on uncompleted construction contracts	13,029	**11,438**	**95,107**
Provision for warranties for completed construction	759	**710**	**5,906**
Provision for loss on construction contracts (Note 3)	1,010	**298**	**2,479**
Provision for directors' bonuses	78	**88**	**738**
Provision for loss on Anti-Monopoly Act	592	**207**	**1,728**
Other (Notes 9 and 22)	6,436	**8,312**	**69,118**
Total current liabilities	73,375	**78,060**	**649,042**
Non-current liabilities:			
Long-term loans payable (Notes 9 and 22)	491	**536**	**4,458**
Deferred tax liabilities (Note 13)	3,938	**7,755**	**64,483**
Provision for directors' retirement benefits	99	**89**	**744**
Reserve for loss on dissolution of employees' pension fund (Note 12)	651	**251**	**2,091**
Net defined benefit liability (Note 12)	2,625	**1,551**	**12,901**
Other (Notes 9 and 22)	786	**369**	**3,075**
Total non-current liabilities	8,592	**10,553**	**87,752**
Total liabilities	¥81,968	**¥88,614**	**$736,794**
Net assets:			
Shareholders' equity			
Capital stock			
Authorized: 100,000,000 shares			
Issued: 36,782,009 shares as of March 31, 2014 and 2015	¥6,455	**¥6,455**	**$53,672**
Capital surplus	7,344	**7,344**	**61,067**
Retained earnings	61,908	**68,851**	**572,473**
Treasury shares, at cost — 1,537,054 shares as of March 31,2014	(2,915)	**–**	**–**
1,538,406 shares as of March 31,2015	–	**(2,919)**	**(24,271)**
Total shareholders' equity	72,792	**79,731**	**662,941**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	6,765	**10,577**	**87,946**
Deferred gains or losses on hedges (Note 11)	(6)	**(5)**	**(47)**
Foreign currency translation adjustment	1,158	**3,742**	**31,115**
Accumulated remeasurements of defined benefit plans	(261)	**786**	**6,538**
Total accumulated other comprehensive income	7,656	**15,100**	**125,552**
Minority interests	4,263	**4,837**	**40,224**
Total net assets	84,712	**99,669**	**828,717**
Total liabilities and net assets	¥166,680	**¥188,283**	**$1,565,511**

	Yen 2014	Yen 2015	U.S. dollars 2015
Per share data:			
Net assets	¥2,282.56	**¥2,690.76**	**$22.37**

Basis of calculation	Millions of yen 2014	Millions of yen 2015
Total net assets	¥84,712	**¥99,669**
Amounts to be deducted from net assets (Minority interests)	(4,263)	**(4,837)**
Net assets applicable to common shares	80,448	**94,832**
Number of common shares as of the year-end (thousands)	35,244	**35,243**

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, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Consolidated Statements of Income			
Net sales of completed construction contracts	¥185,421	**¥183,648**	**$1,526,969**
Cost of sales of completed construction contracts (Note 4)	159,079	**156,430**	**1,300,659**
Gross profit on completed construction contracts	26,341	**27,218**	**226,310**
Selling, general and administrative expenses			
Directors' compensations	811	**785**	**6,530**
Employees' salaries and allowances	7,091	**7,247**	**60,261**
Provision for directors' bonuses	78	**88**	**738**
Retirement benefit expenses (Note 12)	608	**491**	**4,083**
Provision for directors' retirement benefits	17	**16**	**136**
Correspondence and transportation expenses	1,347	**1,267**	**10,538**
Provision of allowance for doubtful accounts	(39)	**289**	**2,404**
Rents	1,314	**1,416**	**11,775**
Depreciation	1,019	**1,002**	**8,331**
Amortization of goodwill	143	**175**	**1,457**
Other	5,864	**5,770**	**47,975**
Total selling, general and administrative expenses (Note 4)	18,258	**18,549**	**154,228**
Operating income	8,083	**8,669**	**72,082**
Non-operating income			
Interest income	409	**460**	**3,826**
Dividend income	317	**392**	**3,267**
Dividend income of insurance	166	**142**	**1,184**
Real estate rent	147	**137**	**1,141**
Foreign exchange gains	333	**–**	**–**
Reversal of allowance for doubtful accounts	25	**28**	**236**
Share of profit of entities accounted for using equity method	58	**52**	**439**
Other	291	**319**	**2,655**
Total non-operating income	1,749	**1,533**	**12,748**
Non-operating expenses			
Interest expenses	237	**222**	**1,851**
Sales discounts	17	**26**	**223**
Rent expenses on real estates	72	**39**	**329**
Foreign exchange losses	–	**238**	**1,987**
Other	214	**94**	**789**
Total non-operating expenses	541	**622**	**5,179**
Ordinary income	9,292	**9,579**	**79,651**
Extraordinary income			
Gain on disposal of non-current assets (Note 4)	74	**1,162**	**9,665**
Gain on sales of investment securities	1,219	**0**	**0**
Reversal of reserve for loss on dissolution of employees' pension fund (Note 12)	–	**400**	**3,326**
Surrender value of insurance	29	**0**	**6**
Total extraordinary income	1,324	**1,563**	**12,997**
Extraordinary losses			
Loss on disposal of non-current assets (Note 4)	50	**842**	**7,004**
Impairment loss (Note 18)	22	**96**	**803**
Loss on sales of investment securities	1	**0**	**1**
Loss on valuation of investment securities	–	**0**	**6**
Loss on sales of shares of subsidiaries and associates	73	**–**	**–**
Provision for loss on Anti-Monopoly Act	592	**38**	**318**
Provision of reserve for loss on dissolution of employees' pension fund (Note 12)	651	**–**	**–**
Loss on insurance cancellation	4	**0**	**2**
Total extraordinary losses	1,396	**978**	**8,134**
Income before income taxes and minority interests	9,219	**10,164**	**84,514**
Income taxes-current	2,865	**2,796**	**23,254**
Income taxes-deferred	1,244	**580**	**4,823**
Total income taxes	4,110	**3,376**	**28,077**
Income before minority interests	5,109	**6,787**	**56,437**
Minority interests in income	954	**703**	**5,845**
Net income	¥4,155	**¥6,084**	**$50,592**

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Comprehensive Income			
Income before minority interests	¥5,109	**¥6,787**	**$56,437**
Other comprehensive income (Note 5)			
Valuation difference on available-for-sale securities	1,520	**3,811**	**31,692**
Deferred gains or losses on hedges	(6)	**0**	**6**
Foreign currency translation adjustment	4,106	**2,597**	**21,601**
Remeasurements of defined benefit plans	–	**1,043**	**8,673**
Share of other comprehensive income of entities accounted for using equity method	122	**79**	**657**
Total other comprehensive income	5,742	**7,532**	**62,629**
Comprehensive income	10,852	**14,320**	**119,066**
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	9,197	**13,528**	**112,487**
Comprehensive income attributable to minority interests	¥1,655	**¥791**	**$6,579**

	Yen		U.S. dollars
Per share data:			
Net income	¥116.08	**¥172.64**	**$1.44**
Cash dividends	¥45	**¥52**	**$0.43**

Basis of calculation	Millions of yen	
Net income	¥4,155	**¥6,084**
Net income not attributable to common shareholders	–	**–**
Net income attributable to common shareholders	4,155	**6,084**
Average number of common shares (thousands)	35,800	**35,244**

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, 2014

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of current period	¥6,455	¥7,344	¥59,735	¥(1,173)	¥72,361	¥5,245	¥(11)	¥(2,358)	¥–	¥2,875	¥3,300	¥78,537
Cumulative effects of changes in accounting policies					–							–
Restated balance	6,455	7,344	59,735	(1,173)	72,361	5,245	(11)	(2,358)	–	2,875	3,300	78,537
Changes of items during the period												
Dividends of surplus			(1,982)		(1,982)							(1,982)
Net income			4,155		4,155							4,155
Purchase of treasury shares				(1,741)	(1,741)							(1,741)
Disposal of treasury shares					–							–
Net changes of items other than shareholders' equity						1,520	4	3,517	(261)	4,780	963	5,743
Total changes of items during the period	–	–	2,172	(1,741)	431	1,520	4	3,517	(261)	4,780	963	6,174
Balance at the end of current period	¥6,455	¥7,344	¥61,908	¥(2,915)	¥72,792	¥6,765	¥(6)	¥1,158	¥(261)	¥7,656	¥4,263	¥84,712

For the year ended March 31, 2015

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of current period	¥6,455	¥7,344	¥61,908	¥(2,915)	¥72,792	¥6,765	¥(6)	¥1,158	¥(261)	¥7,656	¥4,263	¥84,712
Cumulative effects of changes in accounting policies			2,444		2,444						3	2,447
Restated balance	6,455	7,344	64,352	(2,915)	75,236	6,765	(6)	1,158	(261)	7,656	4,267	87,159
Changes of items during the period												
Dividends of surplus			(1,586)		(1,586)							(1,586)
Net income			6,084		6,084							6,084
Purchase of treasury shares				(3)	(3)							(3)
Disposal of treasury shares		0		0	0							0
Net changes of items other than shareholders' equity						3,811	0	2,583	1,047	7,444	570	8,014
Total changes of items during the period	–	0	4,498	(3)	4,495	3,811	0	2,583	1,047	7,444	570	12,509
Balance at the end of current period	¥6,455	¥7,344	¥68,851	¥(2,919)	¥79,731	¥10,577	¥(5)	¥3,742	¥786	¥15,100	¥4,837	¥99,669

For the year ended March 31, 2015

Thousands of U.S. dollars

	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of current period	$53,672	$61,067	$514,746	$(24,242)	$605,243	$56,254	$(53)	$9,632	$(2,176)	$63,657	$35,451	$704,351
Cumulative effects of changes in accounting policies			20,322		20,322						28	20,350
Restated balance	53,672	61,067	535,068	(24,242)	625,565	56,254	(53)	9,632	(2,176)	63,657	35,479	724,701
Changes of items during the period												
Dividends of surplus			(13,187)		(13,187)							(13,187)
Net income			50,592		50,592							50,592
Purchase of treasury shares				(29)	(29)							(29)
Disposal of treasury shares		0		0	0							0
Net changes of items other than shareholders' equity						31,692	6	21,483	8,714	61,895	4,745	66,640
Total changes of items during the period	–	0	37,405	(29)	37,376	31,692	6	21,483	8,714	61,895	4,745	104,016
Balance at the end of current period	$53,672	$61,067	$572,473	$(24,271)	$662,941	$87,946	$(47)	$31,115	$6,538	$125,552	$40,224	$828,717

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Taikisha Ltd. and its Consolidated Subsidiaries : For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥9,219	**¥10,164**	**$84,514**
Depreciation and amortization	1,290	**1,257**	**10,456**
Amortization of goodwill	143	**175**	**1,457**
Increase (decrease) in allowance for doubtful accounts	(191)	**301**	**2,509**
Increase (decrease) in provision for warranties for completed construction	(245)	**(107)**	**(890)**
Increase (decrease) in provision for loss on construction contracts	(708)	**(740)**	**(6,154)**
Increase (decrease) in provision for loss on Anti-Monopoly Act	592	**(384)**	**(3,201)**
Increase (decrease) in provision for retirement benefits	(2,826)	**–**	**–**
Increase (decrease) in provision for directors' retirement benefits	(24)	**(9)**	**(81)**
Increase (decrease) in provision of reserve for loss on dissolution of employees' pension fund	651	**(400)**	**(3,326)**
Increase (decrease) in net defined benefit liability	2,312	**(661)**	**(5,499)**
Interest and dividend income	(726)	**(853)**	**(7,094)**
Interest expenses	237	**222**	**1,851**
Share of (profit) loss of entities accounted for using equity method	(51)	**(43)**	**(364)**
Loss (gain) on disposal of non-current assets	(24)	**(319)**	**(2,661)**
Loss (gain) on sales of investment securities	(1,218)	**0**	**0**
Loss (gain) on valuation of investment securities	–	**0**	**6**
Loss (gain) on sales of shares of subsidiaries and associates	73	**–**	**–**
Decrease (increase) in notes and accounts receivable-trade	12,986	**(1,825)**	**(15,177)**
Decrease (increase) in inventories	(1,466)	**1,049**	**8,728**
Decrease (increase) in advances paid	(24)	**(3)**	**(29)**
Decrease (increase) in non-operating notes receivable	117	**0**	**3**
Decrease (increase) in accounts receivable-other	114	**(37)**	**(310)**
Increase (decrease) in notes and accounts payable-trade	(5,997)	**(786)**	**(6,542)**
Increase (decrease) in advances received on uncompleted construction contracts	(2,739)	**(2,321)**	**(19,302)**
Increase (decrease) in non-operating notes payable	(83)	**19**	**160**
Increase (decrease) in accrued consumption taxes	(104)	**666**	**5,544**
Increase (decrease) in deposits received	(753)	**(90)**	**(750)**
Increase (decrease) in accrued expenses	(122)	**(56)**	**(466)**
Other, net	(1,205)	**(2,138)**	**(17,783)**
Subtotal	9,224	**3,078**	**25,599**
Interest and dividend income received	726	**853**	**7,094**
Interest expenses paid	(244)	**(222)**	**(1,852)**
Income taxes paid	(2,174)	**(2,308)**	**(19,191)**
Net cash provided by (used in) operating activities	7,532	**1,401**	**11,650**
Cash provided by (used in) investing activities:			
Payments into time deposits	(3,446)	**(11,308)**	**(94,030)**
Proceeds from withdrawal of time deposits	882	**9,589**	**79,734**
Purchase of securities	(5,500)	**(4,000)**	**(33,258)**
Proceeds from redemption of securities	6,500	**3,000**	**24,944**
Purchase of property, plant and equipment and intangible assets	(1,734)	**(1,247)**	**(10,375)**
Proceeds from sales of property, plant and equipment and intangible assets	176	**1,427**	**11,870**
Purchase of investment securities	(1,014)	**(1,497)**	**(12,454)**
Proceeds from sales of investment securities	2,263	**9**	**77**
Proceeds from redemption of investment securities	508	**1,010**	**8,398**
Purchase of shares of subsidiaries	(127)	**–**	**–**
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 7)	–	**(744)**	**(6,193)**
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (Note 7)	4	**–**	**–**
Payments of long-term loans receivable	(78)	**(74)**	**(623)**
Collection of long-term loans receivable	68	**105**	**877**
Purchase of insurance funds	(2)	**(2)**	**(24)**
Proceeds from maturity of insurance funds	118	**61**	**508**
Purchase of long-term prepaid expenses	(38)	**(38)**	**(316)**
Other, net	225	**(188)**	**(1,563)**
Net cash provided by (used in) investing activities	(1,194)	**(3,900)**	**(32,428)**
Cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	866	**2,007**	**16,693**
Proceeds from long-term loans payable	402	**1,876**	**15,600**
Repayments of long-term loans payable	(391)	**(474)**	**(3,947)**
Repayments of lease obligations	(59)	**(29)**	**(243)**
Proceeds from share issuance to minority shareholders	35	**–**	**–**
Net decrease (increase) in treasury shares	(1,741)	**(3)**	**(29)**
Cash dividends paid	(1,974)	**(1,586)**	**(13,195)**
Cash dividends paid to minority shareholders	(427)	**(524)**	**(4,363)**
Net cash provided by (used in) financing activities	(3,290)	**1,264**	**10,516**
Effect of exchange rate change on cash and cash equivalents	3,185	**1,878**	**15,621**
Net increase (decrease) in cash and cash equivalents	6,233	**644**	**5,359**
Cash and cash equivalents at beginning of period	33,627	**39,861**	**331,431**
Cash and cash equivalents at end of period (Note 7)	¥39,861	**¥40,505**	**$336,790**

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, 2014 and 2015

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements are 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 are 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 are translated from the original Japanese yen into U.S. dollars on the basis of ¥120.27 to US$1, the rate of exchange prevailing at March 31, 2015, and are then rounded to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts are or can 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

From this fiscal year, ENC Automation LLC is included in the scope of consolidation because TKS Industrial Company a consolidated subsidiary of the Company acquired membership interest of ENC Automation LLC. After a membership interest purchase agreement was concluded, ENC Automation LLC changed its name to Encore Automation LLC.

From this fiscal year, J-CO Mexico, S. de R.L. de C.V., which was newly established is included in the scope of consolidation.

In this fiscal year, Taikisha Engineering India Ltd. has changed its name to Taikisha Engineering India Private Ltd.

In this fiscal year, Geico Painting Equipment Manufacture (Suzhou) Co., Ltd. has changed its name to Geico Painting System (Suzhou) Co., Ltd.

The consolidated financial statements include the accounts of Taikisha Ltd. and all significant subsidiaries listed below as of March 31, 2015:

Domestic subsidiaries

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

Overseas subsidiaries

TKS Industrial Company
Encore Automation LLC (subsidiary of 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 Brazil 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.
Taikisha Myanmar 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.)
J-CO Mexico, S. de R.L. de C.V. (subsidiary of Geico Taikisha Europe Ltd.)
Geico Brazil Ltda. (subsidiary of Geico Taikisha Europe Ltd.)
Geico Paint Shop India Private Limited (subsidiary of Geico Taikisha Europe Ltd.)
Geico Painting System (Suzhou) Co., Ltd. (subsidiary of Geico Taikisha Europe Ltd.)
"Geico Russia" LLC (subsidiary of Geico S.p.A.)
Taikisha Engineering India Private Ltd.
"Taikisha (R) " LLC

(2) Application of the equity method

Names of associates subject to the equity method

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

Names of associates not subject to the equity method

Investments in associates 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 Private Ltd. and Taikisha Myanmar Co., 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 significant 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.

Shares of associates

Shares of associates are stated at cost, determined by the moving average method.

Other securities

Other securities with fair value are stated at fair value based on the market prices at the end of fiscal year. Valuation difference is 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 without fair value are stated at cost using 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 using specific identification method. 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 principal 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 amortized by the straight-line method. Computer software for internal use is amortized 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) Standards of accounting for principal allowance and provisions

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 past 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 the estimated payment of the fiscal year.

Provision for loss on Anti-Monopoly Act

In order to prepare for surcharge or penalty related to the Anti-Monopoly Act, the provision is provided based on estimated amount which will probably be incurred and which can be reasonably estimated for each issue.

Provision for directors' retirement benefits

In order to prepare for directors' retirement benefits, 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.

Reserve for loss on dissolution of employees' pension fund

In order to prepare for future losses related to the dissolution of employees' pension fund, the provision is provided based on estimated amount which will probably be incurred and which can be reasonably estimated.

(Additional information)

Nishinihonreitokutyou Employees' Pension Fund (integrated establishment agency-type), which the Company and domestic subsidiaries are affiliated with, has come to a decision on special dissolution that was discussed at the representative assembly that took place on September 18, 2013.

In this fiscal year, the Companies recognized "Reversal of reserve for loss on dissolution of employees' pension fund" of ¥400 million (US$ 3,326 thousand) as extraordinary income in the consolidated statement of income and "Reserve for loss on dissolution of employees' pension fund" of ¥251 million (US$ 2,091 thousand) as non-current liabilities in consolidated balance sheet.

(7) Retirement and pension plans

(Method of attributing the projected benefit obligations to periods of service)

Benefit formula basis

(Actuarial differences)

Actuarial differences are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the following fiscal year of accrual.

(Prior service costs)

Prior service costs are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees 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.

(8) Sales and cost recognition

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

The percentage-of-completion method is applied for construction work for which the completion of a certain percentage of the entire work is reliably recognizable by the balance sheet date (percentage of completion is estimated by the cost-to-cost method). The completed-contract method is applied for other construction contracts.

(9) 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.

(10) 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.

(11) Amortization method and period for goodwill

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

(12) Accounting for consumption taxes

At the Company and its domestic consolidated subsidiaries, transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

(13) Additional information

Changes in accounting policies

Application of Accounting Standard for Retirement Benefits, etc.

The Companies have applied the regulations stipulated in the main clause of Article 35 of "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No.26, May 17, 2012; hereinafter the "Standard") and in the main clause of Article 67 of "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No.25, March 26, 2015; hereinafter the "Guidance") from this fiscal year. The Companies reconsidered the method of calculation for projected benefit obligation and service costs, changed the method of attributing expected amount of retirement benefits to periods of service from a straight-line attribution to a benefit formula basis, and changed the determination method of discount rate, from use of the expected average remaining service years for employees to determine the term of bond which is the basis of determining the discount rate, to use of a single weighted average discount rate which reflects the expected payment term and payment amount of each term of retirement benefits.

The application of the Standard, etc. complies with transitional accounting treatment which is set forth in Paragraph 37 of the Standard. The amount of financial impact due to the application of the new calculation method for projected benefit obligation and service costs are adjusted to retained earnings at the beginning of this fiscal year.

As a result, net defined benefit liability of ¥ 1,412 million (US$ 11,742 thousand) has been decreased, net defined benefit asset of ¥ 2,392 million (US$ 19,890 thousand), retained earnings of ¥ 2,444 million (US$ 20,322 thousand), and minority interests of ¥ 3 million (US$ 28 thousand) have been increased at the beginning of this fiscal year. There is little impact on operating income, ordinary income, and income before income taxes and minority interests of this fiscal year.

In addition, net assets per share increased by ¥68.62, though net income per share decreased by ¥0.73 for this fiscal year.

Application of Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts

The companies have applied "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force No.30, March 26, 2015) from this fiscal year. There is no impact on consolidated financial statements of this fiscal year by this application, because the trust contract of the current system was concluded before the beginning of this fiscal year, and the conventional accounting treatment has been applied for the system.

Unapplied accounting standards

"Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21, September 13, 2013)
"Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 22, September 13, 2013)
"Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Statement No. 7, September 13, 2013)
"Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan Statement No. 2, September 13, 2013)
"Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"
(Accounting Standards Board of Japan Guidance No. 10, September 13, 2013)
"Guidance on Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan Guidance No. 4, September 13, 2013)

(Overview)

Main revision of the accounting standards and the guidance above are (1) accounting treatment of change in parent company's ownership interest in a subsidiary if the parent company purchases or sells ownership interests in its subsidiary (2) accounting treatment of acquisition-related costs (3) net income disclosure and change in account title from "minority interest" to "non-controlling interest" (4) provisional accounting treatments.

(Application date)

The accounting standards and the guidance are expected to be applied from the beginning of the fiscal year ending March 31, 2016. However the provisional accounting treatments are expected to apply to the business combination enacted on or after the beginning of fiscal year ending March 31, 2016.

(Impact of the application of the accounting standards)

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

"Practical Solution on Accounting for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"
(Practical Issues Task Force No.18, March 26, 2015)

(Overview)

The practical solution reflects the change in the accounting treatments of goodwill in the United States in January, 2014, reflects the revision of the Accounting Standard for Consolidated Financial Statements (Accounting Standards Board of Japan Statement No.22) in September 2013, and clarifies how to amortize actuarial differences in regards to retirement and pension plans.

(Application date)

The practical solution is expected to be applied from the beginning of the fiscal year ending March 31, 2016.

(Impact of the application of the accounting standards)

The impact of the application of the practical solution is in process of assessment at the time when the consolidated financial statements are prepared.

Changes in presentation methods

Retirement and pension plans

Along with the revision of "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No.25, March 26, 2015), the presentation method of notes regarding retirement and pension plans based on multi-employer pension plan has been changed, and the notes of the previous fiscal year have been reclassified.

The details of reclassification of the notes and the amounts of main items of the previous fiscal year in the notes are stated where applicable.

Additional information

Application of Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts

The Company has introduced "ESOP (Employee Stock Ownership Plan)" (hereinafter the "Plan") when the Company marked the 100th anniversary of its founding. The Plan is an incentive program granting the stocks of the Company to its employees to motivate them toward improving the company's stock prices and financial results by sharing economic effects with shareholders.

(Overview of transaction)

The Plan is a program based on Stock Granting Regulations of the Company that the Company grants points to each employee every year then the accumulated points change into stocks of the Company after a certain period of time. Such stocks are purchased by a trust bank from the Company through third-party allotment by using money that has been settled in trust in advance, and managed separately from books of the Company.

The Company has applied the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force No.30, March 26, 2015), but the conventional accounting treatment has been applied.

(Information of the Company's own stocks that are held by trusts)

The book value of the Company's own stocks in trusts is ¥ 333 million for the previous year, and ¥ 324 million (US$ 2,696 thousand) for this fiscal year. The Company's own stocks that are held by trusts are not recognized as treasury shares in shareholders' equity.

The number of shares at the end of fiscal year is 179 thousand for the previous fiscal year and 174 thousand for this fiscal year. The average number of shares in fiscal year is 179 thousand for previous fiscal year and 175 thousand for this fiscal year. Neither the number of shares at the end of fiscal year nor the average number of shares in the fiscal year is included in deducted treasury shares for evaluating per-share information.

3. Notes of consolidated balance sheets

(1) The information of associates

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Investment securities	¥650	¥773	$6,432

(2) Pledged assets

Assets pledged as collateral for security deposits at subsidiaries and associates

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Cash and deposits	¥32	¥32	$270

Assets pledged as collateral for loans payable of invested company

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Investment securities	¥2	¥2	$17

Assets pledged as collateral for loans payable of subsidiaries and associates

As of March 31, 2014

	Millions of yen	
Pledged assets	Book value	Liabilities covered by pledged assets
Cash and deposits	¥296	¥188
Machinery, vehicles, tools, furniture and fixtures	¥15	¥11

As of March 31, 2015

	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	¥312	¥214	$2,600	$1,780
Machinery, vehicles, tools, furniture and fixtures	¥30	¥18	$252	$154

(3) Guarantee obligations

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Guarantee of Employees' loans	¥14	¥12	$106
Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.	183	–	–
Total	¥197	¥12	$106

(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:

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Total amount of lending commitment	¥5,000	¥5,000	$41,573
Borrowing execution balance	–	–	–
Total	¥5,000	¥5,000	$41,573

(5) Endorsed notes

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Endorsed notes	¥40	¥32	$270

(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.

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Provision for loss on construction contracts	¥5	¥35	$298

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.

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Selling, general and administrative expenses	¥876	¥822	$6,838

(2) Gain on disposal of non-current assets

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Buildings and structures	¥–	¥25	$215
Machinery, vehicles, tools, furniture and fixtures	22	7	63
Land	36	1,114	9,269
Long-term deposits	15	14	118
Total	¥74	¥1,162	$9,665

(3) Loss on disposal of non-current assets

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Buildings and structures	¥34	¥212	$1,763
Machinery, vehicles, tools, furniture and fixtures	15	4	37
Land	–	619	5,154
Other	0	5	50
Total	¥50	¥842	$7,004

(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.

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Provision for loss on construction contracts	¥480	¥142	$1,188

5. Notes of consolidated statements of comprehensive income

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

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Valuation difference on available-for-sale securities			
Net gains (losses) arising during the period	¥3,582	¥5,135	$42,703
Reclassification adjustments	(1,219)	–	–
Before tax effects	2,362	5,135	42,703
Tax effects	(842)	(1,324)	(11,011)
Valuation difference on available-for-sale securities	1,520	3,811	31,692
Deferred gains or losses on hedges			
Net gains (losses) arising during the period	(90)	(118)	(987)
Reclassification adjustments	97	120	1,000
Before tax effects	6	1	13
Tax effects	(12)	(0)	(7)
Deferred gains or losses on hedges	(6)	0	6
Foreign currency translation adjustment			
Net gains (losses) arising during the period	4,106	2,597	21,601
Remeasurements of defined benefit plans			
Net gains (losses) arising during the period	–	1,743	14,495
Reclassification adjustments	–	(230)	(1,918)
Before tax effects	–	1,512	12,577
Tax effects	–	(469)	(3,904)
Remeasurements of defined benefit plans	–	1,043	8,673
Share of other comprehensive income of associates accounted for using equity method			
Net gains (losses) arising during the period	122	79	657
Other comprehensive income	¥5,742	¥7,532	$62,629

6. Notes of consolidated statements of changes in net assets

(1) The number of issued shares

For the year ended March 31, 2014

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

For the year ended March 31, 2015

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

(2) The number of treasury shares

For the year ended March 31, 2014

	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	734,367	802,687	–	1,537,054

The number of treasury shares increased by 800,000 shares because of purchase of shares approved by the resolution of board of directors and increased by 2,687 shares because of purchase 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, 2015

	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	1,537,054	1,386	34	1,538,406

The number of treasury shares increased by 1,386 shares because of purchase of shares less than one unit (*) and decreased by 34 shares because of the transfer of shares less than one unit (*) in response to purchase requests.

(*) 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, 2014

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 27, 2013)	Common shares	¥1,261	¥35.00	March 31, 2013	June 28, 2013
Board of directors (November 8, 2013)	Common shares	¥720	¥20.00	September 30, 2013	November 29, 2013

For the year ended March 31, 2015

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 27, 2014)	Common shares	**¥881**	**$7,326**	**¥25.00**	**$0.21**	March 31, 2014	June 30, 2014
Board of directors (November 10, 2014)	Common shares	**¥704**	**$5,861**	**¥20.00**	**$0.17**	September 30, 2014	November 28, 2014

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, 2014

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 27, 2014)	Common shares	Retained earnings	¥881	¥25.00	March 31, 2014	June 30, 2014

For the year ended March 31, 2015

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 26, 2015)	Common shares	Retained earnings	**¥1,127**	**$9,377**	**¥32.00**	**$0.27**	**March 31, 2015**	**June 29, 2015**

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:

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Cash and deposits	¥39,831	**¥43,819**	**$364,345**
Securities	6,009	**4,500**	**37,416**
Sub total	45,840	**48,319**	**401,761**
Time deposits over three months	(3,469)	**(5,314)**	**(44,184)**
Securities over three months	(2,510)	**(2,500)**	**(20,787)**
Cash and cash equivalents	¥39,861	**¥40,505**	**$336,790**

(2) Detail of assets and liabilities of the company which is excluded from the scope of consolidation because of sales of shares

For the year ended March 31, 2014

The detail of assets, liabilities and proceeds from the sales of shares of Taniyama Co., Ltd. resulting in exclusion from consolidation is as follows.

Taniyama Co., Ltd. (as of April 1, 2013)	Millions of yen
	2014
Current assets	¥1,074
Non-current assets	715
Current liabilities	(840)
Non-current liabilities	(501)
Minority interests	(183)
Decrease of retained earnings resulting from the decrease of subsidiary	(2)
Loss on sales of shares	(73)
Sales price of Taniyama Co., Ltd. Shares	187
Cash and cash equivalents of Taniyama Co., Ltd.	(183)
Net : Proceed from sales of shares	¥4

(3) Detail of assets and liabilities of the company which is included in the scope of consolidation because of acquisition of its membership interest

For the year ended March 31, 2015

The detail of assets, liabilities and purchase of membership interest of a subsidiary resulting in inclusion in consolidation is as follows.

Encore Automation LLC (as of June 30, 2014)	Millions of yen	Thousands of U.S. dollars
	2015	**2015**
Current assets	**¥626**	**$5,213**
Non-current assets	**14**	**117**
Goodwill	**720**	**5,991**
Current liabilities	**(254)**	**(2,113)**
Non-current liabilities	**(120)**	**(1,004)**
Minority interests	**(130)**	**(1,084)**
Acquisition cost of membership interest	**856**	**7,120**
Accounts payable related to purchase of membership interest	**(60)**	**(506)**
Cash and cash equivalents	**(50)**	**(421)**
Net : Purchase of membership interest	**¥744**	**$6,193**

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.

As lessee

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

As of March 31, 2014

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery	¥139	¥88	¥51

As of March 31, 2015

	Millions of yen			Thousands of U.S. dollars
	Acquisition cost	Accumulated depreciation	Net book value	Net book value
Machinery	**¥139**	**¥102**	**¥37**	**$309**

The amounts of future lease payments

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Due within one year	¥13	**¥13**	**$116**
Due over one year	37	**23**	**193**
Total	¥51	**¥37**	**$309**

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

Total lease payments and depreciation

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Total lease payments	¥14	**¥13**	**$116**
Depreciation	¥14	**¥13**	**$116**

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:

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Due within one year	¥148	**¥158**	**$1,314**
Due over one year	97	**150**	**1,250**
Total	¥246	**¥308**	**$2,564**

9. Financial instruments

(1) Overview

Policy on 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.

Description of financial instruments, related risks and risk management system

Trade 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 standing 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.

Trade 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.

Income taxes payable are imposed on the taxable income of the Companies for the fiscal year, and they all mature within one year.

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" below 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).

As of March 31, 2014

	Millions of yen		
	Book value	Fair value	Difference
Cash and deposits	¥39,831	¥39,831	¥–
Notes receivable, accounts receivable from completed construction contracts and other	73,298		
Allowance for doubtful accounts (*1)	(194)		
	73,103	73,005	(98)
Securities and Investment securities (*2)	24,313	24,315	2
Total Assets	137,248	137,152	(96)
Notes payable, accounts payable for construction contracts and other	44,600	44,564	(35)
Short-term loans payable	5,850	5,850	–
Income taxes payable	950	950	–
Long-term loans payable	491	468	(22)
Total Liabilities	51,892	51,833	(58)
Derivatives	¥–	¥(5)	¥(5)

(*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.

As of March 31, 2015

	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Cash and deposits	¥43,819	¥43,819	¥–	$364,345	$364,345	$–
Notes receivable, accounts receivable from completed construction contracts and other	78,607			653,595		
Allowance for doubtful accounts (*1)	(450)			(3,744)		
	78,157	78,002	(154)	649,851	648,563	(1,288)
Securities and Investment securities (*2)	29,437	29,437	–	244,762	244,762	–
Total Assets	151,414	151,260	(154)	1,258,958	1,257,670	(1,288)
Notes payable, accounts payable for construction contracts and other	45,693	45,691	(2)	379,923	379,906	(17)
Short-term loans payable	9,892	9,892	–	82,254	82,254	–
Income taxes payable	1,416	1,416	–	11,776	11,776	–
Long-term loans payable	536	495	(40)	4,458	4,119	(339)
Total Liabilities	57,538	57,495	(42)	478,411	478,055	(356)
Derivatives	¥–	¥(17)	¥(17)	$–	$(148)	$(148)

(*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 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.

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 etc. 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.

Income taxes payable

Since income taxes payable is 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.

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 are 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

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Other securities			
Non-listed stocks	¥1,294	¥1,416	$11,776
Investment trusts	8	9	81
Non-listed foreign bonds	¥27	¥21	$181

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 "Securities and investment securities" above.

(Note 3) Redemption schedule for monetary receivables and securities with maturities

As of March 31, 2014

	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	¥39,831	¥–	¥–	¥–
Notes receivable, accounts receivable from completed construction contracts and other	70,758	2,539	–	–
Securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	2,509	–	–	–
Other securities with maturity date				
(Money in trust)	3,500	–	–	–
(Non-listed foreign bonds)	–	27	–	–
Total	¥116,599	¥2,567	¥–	¥–

As of March 31, 2015

	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	¥43,819	¥–	¥–	¥–
Notes receivable, accounts receivable from completed construction contracts and other	73,325	4,886	395	–
Securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	500	–	–	–
Other securities with maturity date				
(Money in trust)	4,000	–	–	–
(Non-listed foreign bonds)	–	21	–	–
Total	¥121,645	¥4,907	¥395	¥–

As of March 31, 2015

	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	$364,345	$–	$–	$–
Notes receivable, accounts receivable from completed construction contracts and other	609,676	40,626	3,293	–
Securities and Investment securities				
Held-to-maturity debt securities (Foreign bonds etc.)	4,157	–	–	–
Other securities with maturity date				
(Money in trust)	33,259	–	–	–
(Non-listed foreign bonds)	–	181	–	–
Total	$1,011,437	$40,807	$3,293	$–

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

As of March 31, 2014

	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	¥5,582	¥–	¥–	¥–	¥–	¥–
Long-term loans payable	268	311	133	36	9	–
Lease obligations	28	29	21	19	3	3
Total	¥5,878	¥340	¥155	¥56	¥12	¥3

As of March 31, 2015

	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	¥8,113	¥–	¥–	¥–	¥–	¥–
Long-term loans payable	1,778	259	135	51	37	51
Lease obligations	30	24	15	11	3	–
Total	¥9,922	¥284	¥151	¥62	¥40	¥51

As of March 31, 2015

	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	$67,465	$–	$–	$–	$–	$–
Long-term loans payable	14,789	2,157	1,130	428	312	431
Lease obligations	251	207	127	93	29	–
Total	$82,505	$2,364	$1,257	$521	$341	$431

10. Securities

(1) Held-to-maturity debt securities

As of March 31, 2014

	Millions of yen		
	Book value	Fair value	Difference
Securities whose fair value exceeds their book value	¥2,009	¥2,012	¥2
Securities whose fair value does not exceed their book value	500	500	–
Total	¥2,509	¥2,512	¥2

As of March 31, 2015

	Millions of yen		
	Book value	Fair value	Difference
Securities whose fair value exceeds their book value	¥–	¥–	¥–
Securities whose fair value does not exceed their book value	500	500	–
Total	¥500	¥500	¥–

As of March 31, 2015

	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Securities whose fair value exceeds their book value	$–	$–	$–
Securities whose fair value does not exceed their book value	4,157	4,157	–
Total	$4,157	$4,157	$–

(2) Other securities

As of March 31, 2014

	Millions of yen		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	¥17,263	¥6,835	¥10,427
Securities whose book value does not exceed their acquisition cost			
Money in trust	3,500	3,500	–
Stocks	1,040	1,133	(92)
Subtotal	4,540	4,633	(92)
Total	¥21,803	¥11,469	¥10,334

As of March 31, 2015

	Millions of yen		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	**¥24,008**	**¥8,417**	**¥15,590**
Securities whose book value does not exceed their acquisition cost			
Money in trust	**2,500**	**2,500**	**–**
Stocks	**928**	**1,048**	**(120)**
Bonds	**1,500**	**1,500**	**–**
Subtotal	**4,928**	**5,048**	**(120)**
Total	**¥28,937**	**¥13,466**	**¥15,470**

As of March 31, 2015

	Thousands of U.S. dollars		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	**$199,625**	**$69,992**	**$129,633**
Securities whose book value does not exceed their acquisition cost			
Money in trust	**20,787**	**20,787**	**–**
Stocks	**7,721**	**8,721**	**(1,000)**
Bonds	**12,472**	**12,472**	**–**
Subtotal	**40,980**	**41,980**	**(1,000)**
Total	**$240,605**	**$111,972**	**$128,633**

(3) Other securities sold

For the year ended March 31, 2014

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	¥2,250	¥1,219	¥1
Non-listed foreign bonds	5	–	–
Other	8	–	–
Total	¥2,263	¥1,219	¥1

For the year ended March 31, 2015

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	**¥0**	**¥0**	**¥0**
Non-listed foreign bonds	**8**	**–**	**–**
Total	**¥9**	**¥0**	**¥0**

For the year ended March 31, 2015

	Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	**$3**	**$0**	**$1**
Non-listed foreign bonds	**74**	**–**	**–**
Total	**$77**	**$0**	**$1**

(4) Securities with impairment loss

For the year ended March 31, 2014 and 2015

The acquisition costs of tables above are the amounts that are already deducted impairment losses. 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

As of March 31, 2014

		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	¥136	¥–	¥(4)	¥(4)
	U.S. dollars	291	–	(9)	(9)
	British pounds	5	–	0	0
	Euros	1,740	–	13	13
	Sell				
	U.S. dollars	65	–	2	2
	Total			¥2	¥2

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

As of March 31, 2015

		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	¥50	¥–	¥(4)	¥(4)
	U.S. dollars	154	–	(1)	(1)
	Singapore dollars	2	–	(0)	(0)
	British pounds	6	–	0	0
	Euros	23	–	(0)	(0)
	Sell				
	U.S. dollars	84	–	(4)	(4)
	Euros	11	–	1	1
	Total			¥(9)	¥(9)

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

As of March 31, 2015

		Thousands of U.S. dollars			
Category	Transaction type	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Except for market transaction	Forward exchange contracts:				
	Buy				
	Yen	$424	$–	$(37)	$(37)
	U.S. dollars	1,286	–	(10)	(10)
	Singapore dollars	23	–	(1)	(1)
	British pounds	51	–	0	0
	Euros	192	–	(5)	(5)
	Sell				
	U.S. dollars	702	–	(40)	(40)
	Euros	98	–	14	14
	Total			$(79)	$(79)

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

Currency-related transactions

As of March 31, 2014

Hedging method	Transaction type		Main hedged items	Millions of yen Contract amount	Over one year	Fair value
Deferral method	Forward exchange contracts					
	Buy					
		U.S. dollars	Accounts payable for construction contracts (forecast)	¥62	¥–	¥(0)
		Euros	Accounts payable for construction contracts (forecast)	240	–	2
		Korean Won	Accounts payable for construction contracts (forecast)	654	32	7
	Sell					
		U.S. dollars	Accounts receivable from completed construction contracts (forecast)	5	–	(0)
		Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	1,850	–	(16)
		Total				¥(7)

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

As of March 31, 2015

Hedging method	Transaction type		Main hedged items	Millions of yen Contract amount	Over one year	Fair value
Deferral method	Forward exchange contracts					
	Buy					
		U.S. dollars	Accounts payable for construction contracts (forecast)	**¥4**	**¥–**	**¥0**
		Euros	Accounts payable for construction contracts (forecast)	**87**	**–**	**1**
		Chinese Yuan	Accounts payable for construction contracts (forecast)	**10**	**–**	**1**
		Korean Won	Accounts payable for construction contracts (forecast)	**1,071**	**129**	**(5)**
	Sell					
		U.S. dollars	Accounts receivable from completed construction contracts (forecast)	**1,263**	**151**	**(2)**
		Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	**170**	**–**	**(4)**
		Total				**¥(8)**

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

As of March 31, 2015

Hedging method	Transaction type		Main hedged items	Thousands of U.S. dollars Contract amount	Over one year	Fair value
Deferral method	Forward exchange contracts					
	Buy					
		U.S. dollars	Accounts payable for construction contracts (forecast)	**$37**	**$–**	**$5**
		Euros	Accounts payable for construction contracts (forecast)	**730**	**–**	**12**
		Chinese Yuan	Accounts payable for construction contracts (forecast)	**88**	**–**	**16**
		Korean Won	Accounts payable for construction contracts (forecast)	**8,909**	**1,080**	**(47)**
	Sell					
		U.S. dollars	Accounts receivable from completed construction contracts (forecast)	**10,508**	**1,263**	**(21)**
		Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	**1,416**	**–**	**(34)**
		Total				**$(69)**

Interest-related transactions

As of March 31, 2014

Hedging method	Transaction type	Main hedged items	Millions of yen Contract amount	Over one year	Fair value
Special treatment	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	¥159	¥101	(Note 1)
	Interest rate cap	Short-term loans payable	¥29	¥–	(Note 1)
	Buy				

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

As of March 31, 2015

Hedging method	Transaction type	Main hedged items	Millions of yen Contract amount	Over one year	Fair value
Special treatment	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	**¥102**	**¥43**	(Note 1)

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

As of March 31, 2015

Hedging method	Transaction type	Main hedged items	Thousands of U.S. dollars Contract amount	Over one year	Fair value
Special treatment	Interest rate swap				
	Payment fixed receiving variable	Long-term loans payable	**$853**	**$366**	

12. Retirement and pension plans

(1) Overview

The Company and its domestic subsidiaries apply three defined benefit retirement plans, which consist of plans that are governed by the regulations of the Japanese Welfare Pension Insurance Law, outside funded defined benefit pension plans and lump-sum retirement payment plans. A retirement benefit trust is set up in certain outside funded defined benefit pension plan.

If certain domestic and overseas subsidiaries set lump-sum retirement payment plans, they apply simplified method for calculating projected benefit obligations. Most overseas subsidiaries apply defined contribution pension plans, though certain domestic and overseas subsidiaries apply lump-sum defined benefit plans. The Company and certain domestic subsidiaries are affiliated with employees' pension fund (integrated establishment agency-type), and the required contribution amount to this fund is recognized as retirement benefit expenses.

(2) Defined benefit plan (except simplified method)

Reconciliation of beginning and ending balances for projected benefit obligations

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Projected benefit obligations at the beginning of current period	¥20,804	¥20,819	$173,104
Cumulative effects of changes in accounting policies	–	(3,804)	(31,632)
Restated balance	20,804	17,014	141,472
Service costs	960	1,090	9,064
Interest costs	232	174	1,453
Actuarial differences accrued in the current period	162	414	3,448
Benefits paid	(1,377)	(1,047)	(8,711)
Foreign currency translation	36	119	991
Projected benefit obligations at the end of current period	¥20,819	¥17,765	$147,717

Reconciliation of beginning and ending balances for pension assets

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Pension assets at the beginning of current period	¥17,043	¥18,521	$153,998
Expected return on pension assets	382	412	3,427
Actuarial differences accrued in the current period	1,164	2,193	18,239
Contributions from employers	1,267	1,250	10,396
Benefits paid	(1,336)	(988)	(8,215)
Foreign currency translation	–	0	0
Pension assets at the end of current period	¥18,521	¥21,389	$177,845

Reconciliation of projected benefit obligations, pension assets, net defined benefit liability, and net defined benefit asset in the consolidated balance sheets

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Funded projected benefit obligations	¥20,051	¥16,772	$139,460
Pension assets	(18,521)	(21,389)	(177,845)
Sub total	1,530	(4,616)	(38,385)
Unfunded projected benefit obligations	767	992	8,256
Net amount of liabilities and assets in the consolidated balance sheets	2,297	(3,623)	(30,129)
Net defined benefit liability	2,297	1,186	9,868
Net defined benefit asset	–	4,810	39,997
Net amount of liabilities and assets in the consolidated balance sheets	¥2,297	¥(3,623)	$(30,129)

Retirement benefit expenses

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Service costs	¥960	¥1,090	$9,064
Interest costs	232	174	1,453
Expected return on pension assets	(382)	(412)	(3,427)
Amortization of actuarial differences	254	(6)	(55)
Amortization of prior service costs	(277)	(228)	(1,900)
Retirement benefit expenses of defined benefit plans	¥787	¥617	$5,135

Remeasurements of defined benefit plans

Detail of remeasurements of defined benefit plans before tax effect adjustments is as follows.

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Prior service costs	¥–	¥(228)	$(1,903)
Actuarial differences	–	1,741	14,480
Total	¥–	¥1,512	$12,577

Accumulated remeasurements of defined benefit plans

Detail of accumulated remeasurements of defined benefit plans before tax effect adjustments is as follows.

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Unrecognized prior service costs	¥684	¥455	$3,785
Unrecognized actuarial differences	(995)	745	6,200
Total	¥(311)	¥1,200	$9,985

Pension assets

Composition ratio of pension assets is as follows.

As of March 31,

	2014	2015
Debt securities	20%	18%
Stocks	32	38
Cash and deposits	0	0
General account of life insurance	37	33
Other	11	11
Total	100%	100%

Note 1. For the previous fiscal year, 11% of total pension assets are attributed to the employee retirement benefit trust for benefit pension plan.
For this fiscal year, 14% of total pension assets are attributed to the employee retirement benefit trust for benefit pension plan.

Expected long-term return rate on pension asset is determined by considering current and anticipated future portfolio of pension assets, and current and anticipated future long-term performance of individual asset classes that comprise the funds' asset mix.

Assumptions and policies used to calculate projected benefit obligations

As of March 31,

	2014	2015
Discount rates (weighted average)	1.2%	0.7%
Expected long-term return rates on pension assets (weighted average)	2.5%	2.5%

(3) Defined benefit plan calculated by simplified method

Reconciliation of beginning and ending balances for net defined benefit liability by the simplified method

For the years ended March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Net defined benefit liability at the beginning of current period	¥376	¥327	$2,727
Retirement benefit expenses	34	32	274
Benefits paid	(40)	(4)	(40)
Contributions to the plan	(7)	(5)	(45)
Foreign currency translation	54	12	105
Other	(90)	1	11
Net defined benefit liability at the end of current period	¥327	¥364	$3,032

Reconciliation of projected benefit obligations, pension assets and net defined benefit liability in the consolidated balance sheets

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Funded projected benefit obligations	¥69	¥87	$730
Pension assets	(54)	(66)	(556)
Sub total	14	20	174
Unfunded projected benefit obligations	313	343	2,858
Net amount of liabilities and assets in the consolidated balance sheets	327	364	3,032
Net defined benefit liability	327	364	3,032
Net amount of liabilities and assets in the consolidated balance sheets	¥327	¥364	$3,032

Retirement benefit expenses

Retirement benefit expenses calculated by the simplified method is ¥ 34 million for the previous fiscal year and ¥ 32 million (US$ 274 thousand) for this fiscal year.

(4) Defined contribution plan

Required contribution amount for defined contribution plan is ¥ 57 million for the previous fiscal year and ¥ 61 million (US$ 511 thousand) for this fiscal year.

(5) Multi-employer pension plan

Required contribution amount for employees' pension fund of multi-employer pension plan which is recognized as retirement benefit expenses is ¥ 503 million for the previous fiscal year and ¥ 363 million (US$ 3,026 thousand) for this fiscal year.

Total accumulated funds

	Millions of yen		Thousands of U.S. dollars
	For the previous fiscal year As of March 31, 2013	**For this fiscal year As of October 31, 2014**	**For this fiscal year As of October 31, 2014**
Pension assets	¥37,113	**¥40,880**	**$339,902**
Total amount of actuarial liability based on the financial calculations and minimum actuarial reserve (Note 1)	56,380	**42,059**	**349,705**
Net Amount	¥(19,267)	**¥(1,179)**	**$(9,803)**

Note 1. This item was presented as "Retirement benefit obligations based on the financial calculations" for the previous fiscal year.

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

For the years ended March 31,

	2014	**2015**
Contribution ratio	21.31%	**20.75%**

Additional information

"Nishinihonreitokutyou Employees' Pension Fund" (general-type) (hereinafter the "Fund"), with which the Company and domestic subsidiaries are affiliated, has come to a decision on the special dissolution that was discussed at the representative assembly that took place on September 18, 2013.

In the previous fiscal year, the Companies recognized "Provision of reserve for loss on dissolution of employees' pension fund" of ¥651 million as extraordinary losses in the consolidated statement of income and the "Reserve for loss on dissolution of employees' pension fund" of ¥651 million as non-current liabilities in the consolidated balance sheet due to the dissolution. In this fiscal year, the Companies recognized "Reversal of reserve for loss on dissolution of employees' pension fund" of ¥400 million (US$ 3,326 thousand) as extraordinary income in the consolidated statement of income and "Reserve for loss on dissolution of employees' pension fund " of ¥251 million (US$ 2,091 thousand) as non-current liabilities in the consolidated balance sheet due to the dissolution.

The main factors of the net amount above for the previous fiscal year are unamortized prior service costs of ¥13,882 million and capital fund deficit of ¥5,385 million. Unamortized prior service costs are amortized over 18 years. The main factor of the net amount above for this fiscal year is a capital fund deficit of ¥1,179 million (US$ 9,803 thousand). As a result of the approval for the dissolution of the Fund on January 27, 2015, the retirement benefit obligation is limited only for the substitutional portion of the fund managed on behalf of the government, and there is no unamortized prior to the service costs for the portion.

For the previous fiscal year, the contribution ratio of the Companies in the multi-employer plan assets is calculated by the proportional division of the Companies' contribution amount out of the total contribution amount in the Fund as of March 31, 2014, and the ratio is not the same as the actual contribution ratio. For this fiscal year, the contribution ratio of the Companies in the multi-employer plan assets is calculated by the proportional division of the Companies' standard salary out of the standard salary in the Fund as of September 30, 2013. The Companies changed the calculation method from this fiscal year because amendment of the regulation based on the resolution of the dissolution of the Fund was approved on January 5, 2015, therefore it is calculated based on the amended regulation.

13. Deferred tax accounting

(1) Significant components of deferred tax assets and liabilities

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Deferred tax assets			
Allowance for doubtful accounts	¥142	**¥123**	**$1,024**
Provision for loss on construction contracts	369	**40**	**334**
Provision for loss on Anti-Monopoly Act	211	**67**	**558**
Reserve for loss on dissolution of employees' pension fund	233	**83**	**696**
Net defined benefit liability	672	**246**	**2,048**
Employees' pension trust, investment securities	289	**271**	**2,254**
Provision for directors' retirement benefits	36	**31**	**263**
Accrued enterprise tax etc.	38	**107**	**897**
Accrued bonuses	838	**903**	**7,514**
Loss on valuation of investment securities	143	**130**	**1,082**
Loss on valuation of golf club membership	75	**64**	**539**
Valuation difference on available-for-sale securities	33	**38**	**323**
Deficit carried forward	261	**586**	**4,879**
Foreign tax credit carried forward	133	**–**	**–**
Other	895	**881**	**7,330**
Sub total	4,374	**3,576**	**29,741**
Valuation allowance	(1,121)	**(828)**	**(6,887)**
Total deferred tax assets	3,252	**2,748**	**22,854**
Deferred tax liabilities			
Net defined benefit assets	–	**(1,554)**	**(12,927)**
Valuation difference on available-for-sale securities	(3,602)	**(4,932)**	**(41,011)**
Retained earnings of consolidated overseas subsidiaries	(1,385)	**(1,702)**	**(14,156)**
Other	(265)	**(225)**	**(1,877)**
Total deferred tax liabilities	(5,253)	**(8,415)**	**(69,971)**
Net deferred tax assets (or liabilities)	¥(2,000)	**¥(5,666)**	**$(47,117)**

(Note) Net deferred tax assets (or liabilities) for the years ended March 31, 2014 and 2015 are recorded on the following account titles in the consolidated balance sheets.

As of March 31,

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Current assets — Deferred tax assets	¥1,704	¥1,625	$13,517
Non-current assets — Deferred tax assets	300	464	3,862
Current liabilities — Deferred tax liabilities	(66)	(1)	(13)
Non-current liabilities — Deferred tax liabilities	¥(3,938)	¥(7,755)	$(64,483)

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

As of March 31,

	2014	2015
Effective statutory tax rate	38.01%	35.64%
(Adjustments)		
Permanent differences: entertainment expenses, donations etc.	2.00	0.46
Permanent differences: dividend income etc.	(0.72)	(0.72)
Equalization of inhabitants taxes	0.91	0.80
Fluctuation of valuation allowance	3.12	(4.77)
Elimination of intercompany dividends	1.41	0.75
Lower income tax rates applicable to income in certain foreign countries	(9.30)	(3.56)
Tax on dividends from overseas subsidiaries and associates	2.17	1.11
Modification of deferred tax assets cause from change of tax-rate	1.09	0.30
Retained earnings of consolidated overseas subsidiaries	4.51	3.12
Other	1.38	0.09
Actual effective tax rate	44.58%	33.22%

(3) Change in the amount of deferred tax assets and liabilities due to the revision of the tax rate

As the "Partial Revision of the Income Tax Act, etc." and the "Partial Revision of the Local Tax Act, etc." were announced officially on March 31, 2015, the effective statutory tax rates that are applied in this fiscal year to calculate deferred tax assets and deferred tax liabilities are revised (Only for those that the temporary difference will be realized on and after April 1, 2015). The effective statutory tax rates are revised from the existing 35.64% to 33.06% for those with a collection or payment period between April 1, 2015 and March 31, 2016, and to 32.30% for those with a collection or payment period on and after April 1, 2016.

Due to this revision of the effective statutory tax rates, deferred tax liabilities decreased by ¥476 million (US$ 3,959 thousand), income taxes-deferred increased by ¥29 million (US$ 247 thousand), and valuation difference on available-for-sale securities increased by ¥506 million (US$ 4,207 thousand).

14. Business combination

(1) Business combination by acquisition of membership interest

Overview of business combination

Name and business description of acquired company

Name ENC Automation LLC

Business description Design and installation of painting systems and plants for automotive industry and aircraft industry

Reason for business combination

For achieving further expansion of robot application system business of the Paint Finishing System Division as well as strengthening the after sales network.

Date of business combination

June 30, 2014

Legal form of business combination

Acquisition of membership interest

Acquired company's name after acquisition

Encore Automation LLC

Acquired percentage of voting rights

51%

Main reason for determination of the acquirer

TKS Industrial Company (USA), which is a subsidiary of the Company acquired 51% of membership interest of ENC Automation LLC by cash and deposits.

Business term of the acquired company included in this consolidated financial statements

From July 1, 2014 to December 31, 2014

Acquisition cost and detail

		Millions of yen	Thousands of U.S. dollars
Consideration for acquisition	Cash and deposits	¥820	$6,822
Direct cost for acquisition	Advisory fee etc.	35	298
Acquisition cost		¥856	$7,120

The content of the conditional clause for acquisition costs under the membership interest purchase agreement and accounting policy that is applied from this fiscal year

The content of conditional acquisition costs

The Companies will make milestone payments based on the achievement level of performance of the acquired company after the acquisition.

Accounting policy that is applied from this fiscal year

If additional payment for the acquisition occurs, the acquisition cost will be revised assuming that the additional payment had been made at the time of acquisition and the Companies will revise the amount of goodwill and amortization of goodwill.

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

Amount of goodwill

¥720 million (US$ 5,991 thousand)

Reason for recognition

Mainly the excess earning capacity expected by expanding business

Amortization method and period

Straight-line method over twenty years

Detail of assets and liabilities received at the date of acquisition

	Millions of yen	Thousands of U.S. dollars
Current assets	¥626	**$5,213**
Non-current assets	14	**117**
Total assets	640	**5,330**
Current liabilities	254	**2,113**
Non-current liabilities	120	**1,004**
Total liabilities	¥374	**$3,117**

Estimated impact on the consolidated statement of income if the business combination had been completed at the beginning of the fiscal year

ENC Automation LLC (hereinafter "New Encore") was established on June 23, 2014. On June 30, 2014, Encore Automation LLC (hereinafter "Former Encore") transferred its entire business operations to New Encore, and at the same time TKS Industrial Company acquired a membership interest of New Encore. Therefore, there is no impact on the consolidated statement of income.

In addition, after the conclusion of the membership interest purchase agreement, New Encore changed its name from ENC Automation LLC to Encore Automation LLC, and at the same time Former Encore changed its name as well.

15. Asset retirement obligations

The Companies are under the term of rental agreements for head offices etc. and have obligations for restitution on their leaving. The obligations are recognized by way of decreasing deposits.

16. Segment information

(1) Overview of reportable segments

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

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

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

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

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

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

As stated in "Changes in accounting policies", the Companies changed the method of calculation for projected benefit obligation and service costs in this fiscal year. Due to the changes, the Companies changed the method of calculation for projected benefit obligation and service costs by segment accordingly.

There is little impact on segment profit by the changes.

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

For the year ended March 31, 2014

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Consolidated
Sales					
Sales to customers	¥115,444	¥69,976	¥185,421	¥–	¥185,421
Intersegment	2	69	71	(71)	–
Total	115,447	70,046	185,493	(71)	185,421
Segment profit	4,449	4,506	8,955	336	9,292
Segment assets	73,201	50,890	124,091	42,588	166,680
Other items					
Depreciation and amortization	479	803	1,283	6	1,290
Amortization of goodwill	–	143	143	–	143
Interest income	177	204	381	27	409
Interest expenses	66	160	227	9	237
Share of profit of entities accounted for using equity method	–	58	58	–	58
Investments in associates accounted for using equity method	–	647	647	–	647
Increase in tangible and intangible assets	¥169	¥1,300	¥1,469	¥390	¥1,860

Note 1. The amounts of adjustments are as follows.

Adjustments of segment profit of ¥336 million include non-allocatable common costs of ¥337 million and other adjustments of minus ¥0 million. Non-allocatable common costs are mainly dividend income etc. which are not attributed to any reportable segments.

Adjustments of segment assets of ¥ 42,588 million are elimination of receivable and payable etc. of minus ¥2,704 million and non-allocatable common assets that are not allocated to any segments of ¥45,292 million. Non-allocatable common assets are mainly cash and deposits, securities, tangible fixed assets, investment securities and deferred tax assets etc. that are not attributed to any reportable segments.

Adjustments of increase in tangible and intangible assets of ¥390 million are buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures and software etc. that are not attributed to any reportable segments.

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

For the year ended March 31, 2015

	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Consolidated
	Millions of yen				
Sales					
Sales to customers	¥116,134	¥67,513	¥183,648	¥–	¥183,648
Intersegment	15	100	116	(116)	–
Total	116,150	67,614	183,764	(116)	183,648
Segment profit	5,991	3,260	9,252	327	9,579
Segment assets	80,697	57,449	138,147	50,136	188,283
Other items					
Depreciation and amortization	429	814	1,244	13	1,257
Amortization of goodwill	–	175	175	–	175
Interest income	232	217	449	10	460
Interest expenses	46	163	210	12	222
Share of profit of entities accounted for using equity method	–	52	52	–	52
Investments in associates accounted for using equity method	–	770	770	–	770
Increase in tangible and intangible assets	¥295	¥837	¥1,132	¥318	¥1,450

Note 1. The amounts of adjustments are as follows.
Adjustments of segment profit of ¥327 million (US$ 2,722 thousand) include non-allocatable common costs of ¥331 million (US$ 2,753 thousand) and other adjustment of minus ¥3 million (minus US$ 31 thousand). Non-allocatable common costs are mainly dividend income etc. which are not attributed to any reportable segments.
Adjustments of segment assets of ¥50,136 million (US$ 416,870 thousand) are elimination of receivable and payable etc. of minus ¥2,581 million (minus US$ 21,467 thousand) and non-allocatable common assets which are not allocated to any segments of ¥52,718 million (US$ 438,337 thousand). Non-allocatable common assets are mainly cash and deposits, securities, tangible fixed assets, investment securities, and net defined benefit asset, etc. which are not attributed to any reportable segments.
Adjustments of increase in tangible and intangible assets of ¥318 million (US$ 2,648 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 statement of income.

For the year ended March 31, 2015

	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Consolidated
	Thousands of U.S. dollars				
Sales					
Sales to customers	$965,618	$561,351	$1,526,969	$–	$1,526,969
Intersegment	130	837	967	(967)	–
Total	965,748	562,188	1,527,936	(967)	1,526,969
Segment profit	49,818	27,111	76,929	2,722	79,651
Segment assets	670,971	477,670	1,148,641	416,870	1,565,511
Other items					
Depreciation and amortization	3,575	6,772	10,347	109	10,456
Amortization of goodwill	–	1,457	1,457	–	1,457
Interest income	1,934	1,807	3,741	85	3,826
Interest expenses	386	1,364	1,750	101	1,851
Share of profit of entities accounted for using equity method	–	439	439	–	439
Investments in associates accounted for using equity method	–	6,405	6,405	–	6,405
Increase in tangible and intangible assets	$2,453	$6,960	$9,413	$2,648	$12,061

17. Related information in regard to segment information

(1) Information by product and service

For the year ended March 31, 2014

This item is omitted because similar information is disclosed in "16. Segment information"

For the year ended March 31, 2015

This item is omitted because similar information is disclosed in "16. Segment information"

(2) Sales by regions

For the year ended March 31, 2014

Millions of yen								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
¥71,206	¥12,798	¥29,980	¥30,793	¥19,045	¥2,750	¥5,229	¥13,617	¥185,421

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

For the year ended March 31, 2015

Millions of yen								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
¥82,303	¥7,669	¥22,896	¥23,719	¥15,805	¥1,365	¥3,123	¥26,765	¥183,648

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

For the year ended March 31, 2015

Thousands of U.S. dollars								
Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
$684,326	$63,766	$190,376	$197,216	$131,419	$11,350	$25,967	$222,549	$1,526,969

(3) Tangible fixed assets by regions

For the year ended March 31, 2014

Millions of yen							
Japan	Thailand	Indonesia	China	India	Italy	Other	Total
¥4,290	¥484	¥344	¥1,300	¥1,270	¥842	¥238	¥8,769

For the year ended March 31, 2015

Millions of yen							
Japan	Thailand	Indonesia	China	India	Italy	Other	Total
¥2,978	¥493	¥375	¥1,213	¥1,833	¥872	¥277	¥8,043

For the year ended March 31, 2015

Thousands of U.S. dollars							
Japan	Thailand	Indonesia	China	India	Italy	Other	Total
$24,763	$4,104	$3,123	$10,088	$15,242	$7,251	$2,310	$66,881

(4) Sales Information by main customers

For the year ended March 31, 2014

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

For the year ended March 31, 2015

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

18. Impairment loss by reportable segments

Impairment loss of the non-current assets by reportable segments

For the year ended March 31, 2014

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Impairment loss	¥22	¥–	¥22	¥–	¥22

For the year ended March 31, 2015

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate (Note 1)	Consolidated
Impairment loss	¥0	¥85	¥86	¥9	¥96

Note 1. Eliminations/Corporate is due to the impairment on assets that will be removed because of office relocation.

For the year ended March 31, 2015

	Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Impairment loss	$7	$713	$720	$83	$803

19. Amortization and balance of goodwill

(1) Amortization and balance of goodwill by reportable segments

For the year ended March 31, 2014

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Balance of goodwill	¥–	¥2,779	¥2,779	¥–	¥2,779

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

For the year ended March 31, 2015

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Balance of goodwill	¥–	¥3,481	¥3,481	¥–	¥3,481

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

For the year ended March 31, 2015

	Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Consolidated
Balance of goodwill	$–	$28,944	$28,944	$–	$28,944

(2) Gain on negative goodwill by reportable segments

For the year ended March 31, 2014

There is nothing applicable.

For the year ended March 31, 2015

There is nothing applicable.

20. Related party transaction

For the year ended March 31, 2014

There is nothing applicable.

For the year ended March 31, 2015

There is nothing applicable.

21. Detail of bonds

There is nothing applicable.

22. Detail of loans

As of March 31, 2015

	Millions of yen		Thousands of U.S. dollars		
	Beginning balance	Ending balance	Ending balance	Average interest rate (%)	Maturity
Short-term loans payable	¥5,582	¥8,113	$67,465	1.426	–
Current portion of long-term loans payable	268	1,778	14,789	2.032	–
Current portion of lease obligations	28	30	251	–	–
Long-term loans payable (excluding current portion)	491	536	4,458	6.756	July 2016 to May 2021
Lease obligations (excluding current portion)	77	54	456	–	March 2018 to March 2020
Total	¥6,446	¥10,513	$87,419	–	–

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, 2015 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	¥259	¥135	¥51	¥37
Lease obligations	¥24	¥15	¥11	¥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	$2,157	$1,130	$428	$312
Lease obligations	$207	$127	$93	$29

23. 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.

24. Subsequent event

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, 2015, 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, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

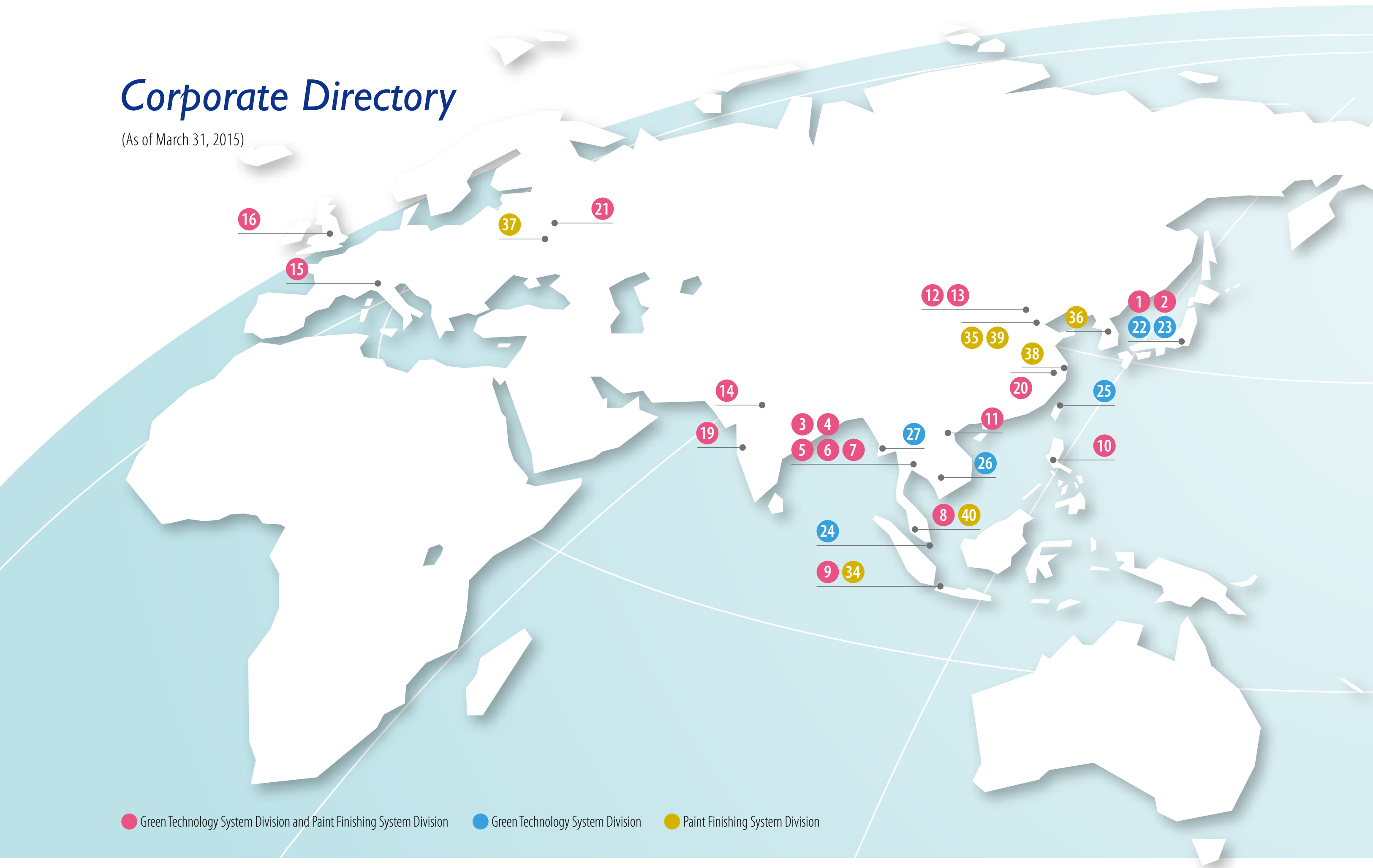
Convenience Translation

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 26, 2015

Corporate Directory

(As of March 31, 2015)



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. **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

4. **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

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

6. **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

7. **TKA Co., Ltd.** — 1991
445 Moo 17, Bangna-Trad Rd., Km. 23, Tambol Bangsaothong, Amphur Bangsaothong, Samutprakarn 10540, Thailand
Tel: 66-2-705-8363 Fax: 66-2-705-8993

Location of office	FOUNDATION

8. **Taikisha Engineering (M) Sdn. Bhd.** — 1989
Suite W301 & W306, 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

9. **P.T. Taikisha Indonesia Engineering** — 1990
Menara Bidakara I, 13th Floor Jl. Jend. Gatot Subroto Kav. 71-73, Jakarta 12870 ,Indonesia
Tel: 62-21-8379-3325 Fax: 62-21-8379-3310

10. **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

11. **Taikisha Vietnam Engineering Inc.** — 1998
12th Floor, Detech Tower, No. 8 Ton That Thuyet , My Dinh 2 Ward, Nam Tu Liem District, Hanoi, Vietnam
Tel: 84-4-3562-2750 Fax: 84-4-3562-2751

12. **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

13. **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

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

Location of office	FOUNDATION

15. **Geico S.p.A.** — 1963
Via Pelizza da Volpedo, 109/111, 20092 Cinisello Balsamo, Milan, Italy
Tel: 39-2-660221 Fax: 39-2-66022.310

16. **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

17. **J-CO Mexico,S. de R.L de C.V.** — 2014
Bosque de Ciruelos, 180 Bosques de Las Lomas, Miguel Hidalgo 11700 Ciudad de México, D.F., Messico
Tel: 52-55-2282-1030 Fax: 52-55-2282-1001

18. **Geico Brasil Ltda.** — 1995
Rua Francisco Rocha n. 2113, Bairo Bigorrilho, Cep 80710, 540, Curitiba, Paranà, Brasile
Tel: 55-41-3019-2727 Fax: 55-41-3336-7534

19. **Geico Paint Shop India Private Limited** — 2006
A-4, 5th Floor The 5th Avenue, Dhole Patil Road, 411001, Pune, Maharashtra, India
Tel: 91-020-3056-5556

20. **Geico Painting System (Suzhou) Co., Ltd.** — 2011
Room 1702, Harmony Mansion, No.8 wan sheng street, building 1, Suzhou Industrial Park, 215000 China
Tel: 86-512-8555-0256 Fax:86-512-8555-0701

21. **"Geico Russia" LLC** — 2011
15 Akademika Tupoleva Street, bld. 24, Moscow, 105005, Russia
Tel: 7-495-989-4120

Location of office	FOUNDATION

22 Nippon Noise Control Ltd. — 1986
Sumitomo-Nakanosakaue Bldg. 1-38-1, Chuo, Nakano-ku, Tokyo, 164-0011, Japan
Tel: 81-3-5937-6532 Fax: 81-3-5937-6533

23 Tokyo Taikisha Service Ltd. — 2000
Sumitomo-Nakanosakaue Bldg. 1-38-1, Chuo, Nakano-ku, Tokyo, 164-0011, Japan
Tel: 81-3-5331-8370 Fax: 81-3-5331-8380

24 Taikisha (Singapore) Pte. Ltd. — 2004
1 Commonwealth Lane #06-27 One Commonwealth, Singapore 149544
Tel: 65-6223-9928 Fax: 65-6223-9328

25 Taikisha (Taiwan) Ltd. — 1989
[Tai Yuen Hi-Tech Industrial Park] 3F, No.6, Taiyuen 1st Street, Zhubei City, Hsinchu, Taiwan, ROC
Tel: 886-3-560-1661 Fax: 886-3-560-1671

26 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

27 Taikisha Myanmar Co., Ltd. — 2013
Room No.(10J), Kabaraye Condominium, Kabaraye Pagoda Road, Mayangone Township,Yangon, Myanmar
Tel: 951-653-653

Location of office	FOUNDATION

28 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

29 Encore Automation LLC — 2014
15 Corporate Drive, Auburn Hills, Michigan 48326, USA
Tel: 1-248-253-0200 Fax: 1-248-418-2308

30 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

31 Taikisha de Mexico, S. A. de C.V. — 1990
Homero No.407 Piso 7 Col. Polanco V Seccion, C.P. 11560 Mexico, D. F., Mexico
Tel: 52-555-250-7128 Fax: 52-55-5250-6178

32 Taikisha Mexicana Services, S.A. de C.V. — 2011
AV. Revolucion 88 2DO. Piso, Col. Tacubaya 11870 Mexico, D.F. Mexico
Tel: (55) 5516-2834

33 Taikisha do Brasil Ltda. — 1996
Rua Barao de Teffe, No.160-6o Andar-sala 610, Jardim Ana Maria, Jundiai, Estado de Sao Paulo CEP:13208-760
Tel: 55-11-4038-8880 Fax: 55-11-4038-8880

34 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

Location of office	FOUNDATION

35 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

36 Taikisha Korea Ltd. — 1992
#1208, 30, Digital-ro 32-gil, Guro-gu, Seoul, 152-777, Korea
Tel: 82-27-830-270 Fax: 82-27-830-274

37 "Taikisha (R)" LLC. — 2009
Russian Federation, 248025, Kaluga, ul. Industry, d. 36a, Russia
Tel: 7-499-703-0115 Fax: 7-499-703-0115

38 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

39 Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd. — 2004
NO.9, NO.7 Road, North area of Economic Development Zone of Jinghai, Tianjin, 301617, China
Tel: 86-22-6864-5848 Fax: 86-22-6864-5849

40 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

Directors and Audit & Supervisory Board Members

Directors

Representative Director,
Chairman Corporate Officer

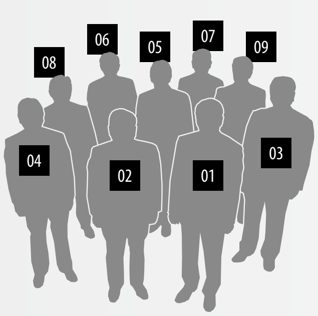
Eitaro Uenishi

Apr. 1974	Joined the Company
Apr. 2001	Acting General Manager, in charge of Sales, Green Technology System Division
Apr. 2003	General Manager, Tohoku Branch Office, Green Technology System Division
Jun. 2003	Director
Apr. 2005	General Manager, Osaka Branch Office, Green Technology System Division
Apr. 2007	Director, Senior Corporate Officer, General Manager, Tokyo Branch Office 1, Green Technology System Division
Apr. 2008	Director, Senior Corporate Officer, Assistant to President, in charge of Corporate Planning
Apr. 2009	Director, Managing Corporate Officer, Assistant to President, in charge of Company-wide Sales Promotion
Apr. 2010	Representative Director, President Corporate Officer
Apr. 2013	Representative Director, Chairman Corporate Officer (current position)

Representative Director,
President Corporate Officer

Satoru Kamiyama

Apr. 1970	Joined the Company
Apr. 2002	Senior General Manager, Engineering Dept., Paint Finishing System Division
Jun. 2003	Director
Apr. 2005	Chief General Manager, Paint Finishing System Division
Jun. 2005	Managing Director
Apr. 2006	Chief General Manager, Paint Finishing System Division, and Senior General Manager, Sales and Marketing Dept., Paint Finishing System Division
Apr. 2007	Director, Managing Corporate Officer, Chief General Manager, Paint Finishing System Division
Apr. 2009	Director, Executive Corporate Officer, Chief General Manager, Paint Finishing System Division
Apr. 2010	Representative Director, Executive Vice President Corporate Officer
Apr. 2013	Representative Director, President Corporate Officer (current position)



01 Representative Director, Chairman Corporate Officer **Eitaro Uenishi**

02 Representative Director, President Corporate Officer **Satoru Kamiyama**

03 Director, Executive Vice Presindet Corporate Officer **Kiyoshi Hashimoto**

04 Director, Executive Vice Presindet Corporate Officer **Toshiaki Shiba**

05 Director, Managing Corporate Officer **Koji Kato**

06 Director, Managing Corporate Officer **Tetsuya Ogawa**

07 Director, Managing Corporate Officer **Hiroshi Mukai**

08 Director, Senior Corporate Officer **Yukinori Hamanaka**

09 Outside Director **Shuichi Murakami**

Director,
Executive Vice President Corporate Officer

Kiyoshi Hashimoto

Director,
Executive Vice President Corporate Officer

Toshiaki Shiba

Director,
Managing Corporate Officer

Koji Kato

Director,
Managing Corporate Officer

Tetsuya Ogawa

Director,
Managing Corporate Officer

Hiroshi Mukai

Director,
Senior Corporate Officer

Yukinori Hamanaka

Outside Director

Shuichi Murakami

Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Member

Mitsuru Sano

Full-time Audit & Supervisory Board Member

Masaaki Saito

Outside Audit & Supervisory Board Member

Junichi Noro

Outside Audit & Supervisory Board Member

Hirokazu Hikosaka

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
Taikisha Engineering (M) Sdn. Bhd. established in Kuala Lumpur, Malaysia
Taikisha UK Ltd. established in Birmingham, UK (former name of Geico 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

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

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 “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

2013 The 100th anniversary of the foundation
Taikisha Myanmar Co., Ltd. established in Yangon, Myanmar

2014 Formed a capital and business alliance with Encore Automation LLC

1913

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

1971

Established first overseas subsidiary in Bangkok

1973

Changed the name to "Taikisha Ltd."

Formed global alliance with Geico S.p.A

2011

The 100th anniversary of the foundation

2013

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:	¥183,648 million (Consolidated: year ended March 2015)
Number of Employees:	4,795 (Consolidated: as of March 2015)

ISO Certification Obtained

ISO 9001

» Taikisha Ltd.
» TKS Industrial Company
» Taikisha (Singapore) Pte. Ltd.
» Taikisha (Thailand) Co., Ltd.
» Thaiken Maintenance & Service Co., Ltd.
» TKA Co., Ltd.
» Taikisha Engineering (M) Sdn. Bhd.
» P.T. Taikisha Indonesia Engineering
» P.T. Taikisha Manufacturing Indonesia
» Taikisha Philippines Inc.
» Wuzhou Taikisha Engineering Co., Ltd.
» Tianjin Taikisha Paint Finishing System Ltd.
» Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.
» Taikisha (Taiwan) Ltd.
» Taikisha Engineering India Private Ltd.
» Geico S.p.A.
» Geico Taikisha Europe Ltd.

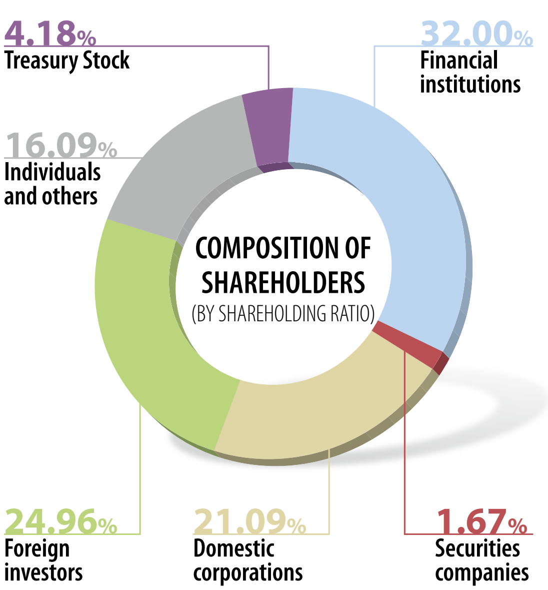
ISO 14001

» Taikisha Ltd.
» TKS Industrial Company
» Taikisha (Singapore) Pte. Ltd.
» Taikisha (Thailand) Co., Ltd.
» Wuzhou Taikisha Engineering Co., Ltd.
» Tianjin Taikisha Paint Finishing System Ltd.
» Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.
» Taikisha Engineering India Private Ltd.

Investor Information

(As of March 31, 2015)

Authorized number of shares	100,000,000
Number of issued shares	36,782,009
Number of shareholders	3,152



Major Shareholders (Top10 companies and individuals)

Shareholder's Name	Number of shares held (in thousands)	Ratio of shareholding (%)
Ichigo Trust	2,620	7.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,329	6.6
Kenzaisha Ltd.	1,700	4.8
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,190	3.4
Japan Trustee Services Bank, Ltd. (Trust Account)	1,166	3.3
Ruriko Uenishi	1,089	3.1
Taikisha Business Partners' Stock Ownership Association	1,021	2.9
Dai ni Kenzaisha Ltd.	1,000	2.8
BNYML-NON TREATY ACCOUNT	967	2.7
Nippon Life Insurance Company	962	2.7

1. The Company holds 1,537,054 treasury shares but excludes these shares from the list of major shareholders above.
2. The Ratio of shareholding is calculated by subtracting treasury shares from all issued shares.

TAIKI-SHA

taikisha-group.com

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