

Financial Report for the Fiscal Year ended March 31, 2016 (Consolidated)

May 16, 2016

The following statements are an English translation of the original Japanese document.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of company····· Taikisha Ltd.

Stock Exchange····· First Section of Tokyo Stock Exchange

Code·········· 1979

Representative····· Satoru Kamiyama, President and Representative Director

Contact·········· Koji Kato, Director and Executive Corporate Officer, Administrative Management Headquarters
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Scheduled date for annual general meeting of shareholders : June 29, 2016

Scheduled date to commence dividends payments : June 30, 2016

Scheduled date to submit securities report : June 29, 2016

Supplemental materials prepared for financial results : Yes

Briefing session of financial results : Yes (for institutional investors and analysts)

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2015 through March 31, 2016)

(1) Consolidated operating results

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended								
March 31, 2016	212,424	15.7	12,734	46.9	12,343	28.9	7,084	16.4
March 31, 2015	183,648	(1.0)	8,669	7.2	9,579	3.1	6,084	46.4

(Note) Comprehensive income Year ended March 31, 2016 1,063 million yen (92.6)%
Year ended March 31, 2015 14,320 million yen 32.0%

	Basic earnings per share	Diluted earning per share	Ratio of Profit to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	yen	yen	%	%	%
Year ended					
March 31, 2016	204.35	—	7.6	6.5	6.0
March 31, 2015	172.64	—	6.9	5.4	4.7

(Note) Equity in earnings of affiliates Year ended March 31, 2016 18 million yen
Year ended March 31, 2015 52 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
As of				
March 31, 2016	189,566	95,921	48.0	2,633.60
March 31, 2015	188,283	99,669	50.4	2,690.76

(Note) Shareholders' Equity As of March 31, 2016 91,024 million yen
As of March 31, 2015 94,832 million yen

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and cash equivalents at the end of period
	million yen	million yen	million yen	million yen
Year ended				
March 31, 2016	7,301	(328)	(7,409)	38,369
March 31, 2015	1,401	(3,900)	1,264	40,505

2. Dividends

	Dividends per share					Dividends Paid (Total)	Dividends Payout Ratio (Consolidated)	Ratio of Dividends to Net Asset Ratio (Consolidated)
	1Q	2Q	3Q	Year End	Total (annually)			
Year ended	yen	yen	yen	yen	yen	million yen	%	%
March 31, 2015	—	20.00	—	32.00	52.00	1,832	30.1	2.1
March 31, 2016	—	25.00	—	42.00	67.00	2,315	32.8	2.5
Year ending March 31, 2017 (Forecast)	—	25.00	—	45.00	70.00		35.2	

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2017 (April 1, 2016 through March 31, 2017)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Half year	83,400	(9.4)	3,500	(13.6)	3,900	(14.1)	2,200	(15.5)	63.46
Full year	194,000	(8.7)	11,100	(12.8)	11,800	(4.4)	6,900	(2.6)	199.03

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (2) Changes in accounting policies, changes in accounting estimates and restatements
- (i) Changes in accounting policies due to revisions of accounting standards etc. : Yes
- (ii) Changes in accounting policies other than (i) : None
- (iii) Changes in accounting estimates : None
- (iv) Restatements : None
- (3) Number of shares issued (common shares)
- (i) Number of shares issued at end of period (including treasury shares)
- As of March 31, 2016 36,782,009 shares
- As of March 31, 2015 36,782,009 shares
- (ii) Number of treasury shares at end of period
- As of March 31, 2016 2,219,061 shares
- As of March 31, 2015 1,538,406 shares
- (iii) Average number of shares during the period
- Year ended March 31, 2016 34,667,838 shares
- Year ended March 31, 2015 35,244,380 shares

(Reference) Summary of Non-Consolidated Operating Performance

1. Non-Consolidated Operating Performance (April 1, 2015 through March 31, 2016)

(1) Non-Consolidated operating result

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2016	107,269	15.0	4,069	62.1	7,222	16.0	4,949	(3.2)
March 31, 2015	93,297	8.2	2,510	451.6	6,224	36.7	5,114	108.1

	Basic earnings per share	Diluted earning per share
Year ended	yen	yen
March 31, 2016	142.75	—
March 31, 2015	145.10	—

(2) Non-Consolidated financial position

	Total assets		Net assets		Equity capital ratio	Net assets per share
As of	million yen		million yen		%	yen
March 31, 2016	120,553		73,102		60.6	2,115.05
March 31, 2015	116,687		75,014		64.3	2,128.47

(Note) Shareholders' Equity As of March 31, 2016 73,102 million yen
As of March 31, 2015 75,014 million yen

2. Non-Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2017 (April 1, 2016 through March 31, 2017)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Half year	42,400	(3.0)	1,000	(28.8)	2,900	(4.5)	2,100	(5.7)	60.57
Full year	100,400	(6.4)	3,200	(21.4)	7,300	1.1	5,300	7.1	152.88

※ Notice of status of implementation for audit procedures

This financial report is not subject to audit procedures based upon the Financial Instruments and Exchange Act.

Audit procedures for the consolidated financial statements in accordance with the Financial Instruments and Exchange Act have not been completed as at the time of disclosure of this financial report.

※ Explanation about the proper use of consolidated forecasts and other notes

The data and forward-looking statements disclosed herein are based on current information as of today, and may change depending upon various factors. The data and assumptions do not mean guaranteeing accomplishment of goals and projections, and may be changed at any time without notice. Consequently, the Company ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. The company will not be liable for any damages that result from the use of this information.

1 Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	43,819	44,001
Notes receivable, accounts receivable from completed construction contracts and other	78,607	92,718
Securities	4,500	13
Costs on uncompleted construction contracts	3,109	1,907
Raw materials and supplies	332	283
Deferred tax assets	1,625	1,993
Other	9,573	8,205
Allowance for doubtful accounts	(546)	(433)
Total current assets	141,022	148,690
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,352	7,361
Machinery, vehicles, tools, furniture and fixtures	7,838	7,893
Land	2,109	2,075
Other	551	482
Accumulated depreciation	(9,808)	(10,063)
Total property, plant and equipment	8,043	7,750
Intangible assets		
Goodwill	3,481	3,024
Other	1,165	1,512
Total intangible assets	4,647	4,536
Investments and other assets		
Investment securities	26,385	22,469
Deferred tax assets	464	508
Net defined benefit asset	4,810	3,203
Other	3,047	2,440
Allowance for doubtful accounts	(136)	(32)
Total investments and other assets	34,571	28,589
Total non-current assets	47,261	40,876
Total assets	188,283	189,566

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	45,693	49,214
Short-term loans payable	9,892	5,261
Income taxes payable	1,416	2,045
Deferred tax liabilities	1	53
Advances received on uncompleted construction contracts	11,438	15,905
Provision for warranties for completed construction	710	1,346
Provision for loss on construction contracts	298	190
Provision for directors' bonuses	88	129
Provision for loss on Anti-Monopoly Act	207	—
Reserve for loss on dissolution of employees' pension fund	—	247
Other	8,312	9,100
Total current liabilities	78,060	83,493
Non-current liabilities		
Long-term loans payable	536	1,383
Deferred tax liabilities	7,755	5,871
Provision for directors' retirement benefits	89	106
Reserve for loss on dissolution of employees' pension fund	251	—
Net defined benefit liability	1,551	1,646
Other	369	1,143
Total non-current liabilities	10,553	10,152
Total liabilities	88,614	93,645
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,344	7,344
Retained earnings	68,851	73,943
Treasury shares	(2,919)	(5,127)
Total shareholders' equity	79,731	82,615
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,577	7,908
Deferred gains or losses on hedges	(5)	7
Foreign currency translation adjustment	3,742	1,528
Accumulated remeasurements of defined benefit plans	786	(1,036)
Total accumulated other comprehensive income	15,100	8,409
Non-controlling interests	4,837	4,896
Total net assets	99,669	95,921
Total liabilities and net assets	188,283	189,566

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

	Millions of yen	
	Year ended March 31, 2015	Year ended March 31, 2016
	Apr. 1, 2014 - Mar. 31, 2015	Apr. 1, 2015 - Mar. 31, 2016
Net sales of completed construction contracts	183,648	212,424
Cost of sales of completed construction contracts	156,430	179,854
Gross profit on completed construction contracts	<u>27,218</u>	<u>32,570</u>
Selling, general and administrative expenses		
Directors' compensations	785	812
Employees' salaries and allowances	7,247	8,150
Provision for directors' bonuses	88	129
Retirement benefit expenses	491	384
Provision for directors' retirement benefits	16	17
Correspondence and transportation expenses	1,267	1,277
Provision of allowance for doubtful accounts	289	(71)
Rents	1,416	1,436
Depreciation	1,002	1,105
Amortization of goodwill	175	192
Other	5,770	6,401
Total selling, general and administrative expenses	<u>18,549</u>	<u>19,836</u>
Operating income	<u>8,669</u>	<u>12,734</u>
Non-operating income		
Interest income	460	648
Dividends income	392	446
Dividends income of insurance	142	138
Real estate rent	137	104
Reversal of allowance for doubtful accounts	28	—
Share of profit of entities accounted for using equity method	52	18
Other	319	248
Total non-operating income	<u>1,533</u>	<u>1,605</u>
Non-operating expenses		
Interest expenses	222	189
Sales discounts	26	45
Rent expenses on real estates	39	20
Foreign exchange losses	238	1,656
Other	94	84
Total non-operating expenses	<u>622</u>	<u>1,996</u>
Ordinary income	<u>9,579</u>	<u>12,343</u>

	Millions of yen	
	Year ended	Year ended
	March 31, 2015	March 31, 2016
	Apr. 1, 2014 - Mar. 31, 2015	Apr. 1, 2015 - Mar. 31, 2016
Extraordinary income		
Gain on disposal of non-current assets	1,162	11
Gain on sales of investment securities	0	60
Gain on liquidation of subsidiaries and associates	—	27
Reversal of provision for loss on Anti-Monopoly Act	—	87
Reversal of reserve for loss on dissolution of employees' pension fund	400	4
Surrender value of insurance	0	0
Total extraordinary income	1,563	191
Extraordinary loss		
Loss on disposal of non-current assets	842	17
Impairment loss	96	0
Loss on sales of investment securities	0	0
Loss on valuation of investment securities	0	0
Provision for loss on Anti-Monopoly Act	38	—
Loss on insurance cancellation	0	—
Total extraordinary losses	978	18
Income before income taxes and non-controlling interests	10,164	12,516
Income taxes-current	2,796	4,149
Income taxes-deferred	580	127
Total income taxes	3,376	4,276
Profit	6,787	8,239
Profit attributable to non-controlling interests	703	1,154
Profit attributable to owners of parent	6,084	7,084

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Year ended March 31, 2015	Year ended March 31, 2016
	Apr. 1, 2014 - Mar. 31, 2015	Apr. 1, 2015 - Mar. 31, 2016
Profit	6,787	8,239
Other comprehensive income		
Valuation difference on available-for-sale securities	3,811	(2,668)
Deferred gains or losses on hedges	0	13
Foreign currency translation adjustment	2,597	(2,646)
Remeasurements of defined benefit plans	1,043	(1,834)
Share of other comprehensive income of entities accounted for using equity method	79	(39)
Total other comprehensive income	7,532	(7,175)
Comprehensive income	14,320	1,063
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	13,528	393
Comprehensive income attributable to non-controlling interests	791	670

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	6,455	7,344	61,908	(2,915)	72,792
Cumulative effects of changes in accounting policies			2,444		2,444
Restated balance	6,455	7,344	64,352	(2,915)	75,236
Changes of items during the period					
Dividends of surplus			(1,586)		(1,586)
Profit attributable to owners of parent			6,084		6,084
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	4,498	(3)	4,495
Balance at the end of current period	6,455	7,344	68,851	(2,919)	79,731

Millions of yen

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	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		
Balance at the beginning of current period	6,765	(6)	1,158	(261)	7,656	4,263	84,712
Cumulative effects of changes in accounting policies						3	2,447
Restated balance	6,765	(6)	1,158	(261)	7,656	4,267	87,159
Changes of items during the period							
Dividends of surplus							(1,586)
Profit attributable to owners of parent							6,084
Purchase of treasury shares							(3)
Disposal of treasury shares							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	3,811	0	2,583	1,047	7,444	570	12,509
Balance at the end of current period	10,577	(5)	3,742	786	15,100	4,837	99,669

Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	6,455	7,344	68,851	(2,919)	79,731
Cumulative effects of changes in accounting policies					—
Restated balance	6,455	7,344	68,851	(2,919)	79,731
Changes of items during the period					
Dividends of surplus			(1,991)		(1,991)
Profit attributable to owners of parent			7,084		7,084
Purchase of treasury shares				(2,208)	(2,208)
Disposal of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	5,092	(2,208)	2,883
Balance at the end of current period	6,455	7,344	73,943	(5,127)	82,615

Millions of yen

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	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		
Balance at the beginning of current period	10,577	(5)	3,742	786	15,100	4,837	99,669
Cumulative effects of changes in accounting policies							—
Restated balance	10,577	(5)	3,742	786	15,100	4,837	99,669
Changes of items during the period							
Dividends of surplus							(1,991)
Profit attributable to owners of parent							7,084
Purchase of treasury shares							(2,208)
Disposal of treasury shares							—
Net changes of items other than shareholders' equity	(2,668)	13	(2,213)	(1,822)	(6,691)	58	(6,632)
Total changes of items during the period	(2,668)	13	(2,213)	(1,822)	(6,691)	58	(3,748)
Balance at the end of current period	7,908	7	1,528	(1,036)	8,409	4,896	95,921

(4) Consolidated Statements of Cash Flows

Millions of yen

	Year ended March 31, 2015 Apr. 1, 2014 - Mar. 31, 2015	Year ended March 31, 2016 Apr. 1, 2015 - Mar. 31, 2016
Cash flows from operating activities		
Income before income taxes and non-controlling interests	10,164	12,516
Depreciation and amortization	1,257	1,348
Amortization of goodwill	175	192
Increase (decrease) in allowance for doubtful accounts	301	(187)
Increase (decrease) in provision for warranties for completed construction	(107)	683
Increase (decrease) in provision for loss on construction contracts	(740)	(99)
Increase (decrease) in provision for loss on Anti-Monopoly Act	(384)	(207)
Increase (decrease) in provision of reserve for loss on dissolution of employees' pension fund	(400)	(4)
Increase (decrease) in provision for directors' retirement benefits	(9)	17
Increase (decrease) in net defined benefit asset and liability	(661)	(889)
Interest and dividends income	(853)	(1,095)
Interest expenses	222	189
Share of (profit) loss of entities accounted for using equity method	(43)	3
Loss (gain) on disposal of non-current assets	(319)	5
Loss (gain) on sales of investment securities	0	(60)
Loss (gain) on valuation of investment securities	0	0
Decrease (increase) in notes and accounts receivable-trade	(1,825)	(16,604)
Decrease (increase) in inventories	1,049	1,067
Decrease (increase) in advances paid	(3)	0
Decrease (increase) in non-operating notes receivable	0	(4)
Decrease (increase) in accounts receivable-other	(37)	(189)
Increase (decrease) in notes and accounts payable-trade	(786)	5,271
Increase (decrease) in advances received on uncompleted construction contracts	(2,321)	5,480
Increase (decrease) in non-operating notes payable	19	(19)
Increase (decrease) in accrued consumption taxes	666	403
Increase (decrease) in deposits received	(90)	31
Increase (decrease) in accrued expenses	(56)	(35)
Other, net	(2,138)	2,003
Subtotal	3,078	9,818
Interest and dividends income received	853	1,095
Interest expenses paid	(222)	(189)
Income taxes paid	(2,308)	(3,422)
Net cash provided by (used in) operating activities	1,401	7,301

	Millions of yen	
	Year ended	Year ended
	March 31, 2015	March 31, 2016
	Apr. 1, 2014 - Mar. 31, 2015	Apr. 1, 2015 - Mar. 31, 2016
Cash flows from investing activities		
Payments into time deposits	(11,308)	(11,068)
Proceeds from withdrawal of time deposits	9,589	10,336
Purchase of securities	(4,000)	(4,000)
Proceeds from redemption of securities	3,000	6,500
Purchase of property, plant and equipment and intangible assets	(1,247)	(1,941)
Proceeds from sales of property, plant and equipment and intangible assets	1,427	33
Purchase of investment securities	(1,497)	(500)
Proceeds from sales of investment securities	9	203
Proceeds from redemption of investment securities	1,010	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(744)	—
Payments of long-term loans receivable	(74)	(64)
Collection of long-term loans receivable	105	64
Purchase of insurance funds	(2)	(3)
Proceeds from maturity of insurance funds	61	1
Purchase of long-term prepaid expenses	(38)	(45)
Other, net	(188)	155
Net cash provided by (used in) investing activities	<u>(3,900)</u>	<u>(328)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,007	(4,245)
Proceeds from long-term loans payable	1,876	4,743
Repayment of long-term loans payable	(474)	(3,465)
Repayments of lease obligations	(29)	(34)
Net decrease (increase) in treasury shares	(3)	(2,208)
Cash dividends paid	(1,586)	(1,990)
Cash dividends paid to non-controlling interests	(524)	(200)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(8)
Net cash provided by (used in) financing activities	<u>1,264</u>	<u>(7,409)</u>
Effect of exchange rate change on cash and cash equivalents	<u>1,878</u>	<u>(1,700)</u>
Net increase (decrease) in cash and cash equivalents	<u>644</u>	<u>(2,135)</u>
Cash and cash equivalents at beginning of period	<u>39,861</u>	<u>40,505</u>
Cash and cash equivalents at end of period	<u>40,505</u>	<u>38,369</u>

(Segment information)

1. Sales and profits or losses by reportable segments

Year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
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 expenses	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
Equity in earnings of affiliates	—	52	52	—	52
Investments in associates accounted for using the equity method	—	770	770	—	770
Increase in tangible and intangible assets	295	837	1,132	318	1,450

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

(1) Eliminations/ Corporate of Segment profit of 327 million yen includes non-allocatable common costs of 331 million yen and other adjustment of minus 3 million yen.

Non-allocatable common costs is mainly dividend income etc. those are not attributed to any reportable segments.

(2) Eliminations/ Corporate of Segment assets of 50,136 million yen is elimination of receivable and payable etc. of minus 2,581 million yen and non-allocatable common assets that is not allocated to any segments of 52,718 million yen.

Non-allocatable common assets is mainly cash and deposit, securities, property, plant and equipment, investment securities and net defined benefit asset etc. those are not attributed to any reportable segments.

(3) Eliminations/ Corporate of increase in tangible and intangible assets of 318 million yen is building and structure, machinery, equipment, vehicles, tools, furniture and fixtures and software etc. those are not attributed to any reportable segments.

(4) The allocation method of assets for reportable segments is different from that of related sales and expenses.

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

Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	134,822	77,602	212,424	—	212,424
Intersegment	2	133	135	(135)	—
Total	134,824	77,735	212,560	(135)	212,424
Segment profit	8,950	3,524	12,475	(132)	12,343
Segment assets	87,472	65,430	152,902	36,663	189,566
Other items					
Depreciation expenses	448	899	1,348	0	1,348
Amortization of goodwill	—	192	192	—	192
Interest income	181	466	647	1	648
Interest expenses	30	149	179	9	189
Equity in earnings of affiliates	—	18	18	—	18
Investments in associates accounted for using the equity method	—	727	727	—	727
Increase in tangible and intangible assets	151	1,024	1,176	745	1,921

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

(1) Eliminations/ Corporate of Segment profit of minus 132 million yen includes non-allocatable common costs of minus 136 million yen and other adjustment of 4 million yen.

Non-allocatable common costs is mainly general administrative expense, dividend income etc. those are not attributed to any reportable segments.

(2) Eliminations/ Corporate of Segment assets of 36,663 million yen is elimination of receivable and payable etc. of minus 2,739 million yen and non-allocatable common assets that is not allocated to any segments of 39,403 million yen.

Non-allocatable common assets is mainly cash and deposit, securities, property, plant and equipment, investment securities and net defined benefit asset etc. those are not attributed to any reportable segments.

(3) Eliminations/ Corporate of increase in tangible and intangible assets of 745 million yen is building and structure, machinery, equipment, vehicles, tools, furniture and fixtures and software etc. those are not attributed to any reportable segments.

(4) The allocation method of assets for reportable segments is different from that of related sales and expenses.

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

2. Sales by regions

Year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

Millions of yen

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

Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

Millions of yen

Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
94,543	11,542	34,197	21,691	23,060	1,437	8,563	17,389	212,424

3. Property, plant and equipment

As of 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

As of March 31, 2016

Millions of yen

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
2,939	405	300	1,061	1,965	850	226	7,750

4. Impairment loss of the non-current assets by reportable segments

Year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Impairment loss	0	85	86	9	96

(Note) Eliminations/ Corporate is generated from impairment loss of assets for business restructuring.

Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Impairment loss	—	—	—	0	0

(Note) Eliminations/ Corporate is generated from impairment loss of idle assets.

5. Amortization of goodwill and the unamortized balance by reportable segments

As of March 31, 2015

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Balance as of March 31, 2015	—	3,481	3,481	—	3,481

(Note) Amortization of goodwill is omitted because this information is already disclosed in "Sales and profits or losses by reportable segments".

As of March 31, 2016

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Balance as of March 31, 2016	—	3,024	3,024	—	3,024

(Note) Amortization of goodwill is omitted because this information is already disclosed in "Sales and profits or losses by reportable segments".

2 Non-consolidated Financial Statements

(1) Balance Sheets

Millions of yen

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	17,240	8,825
Notes receivable-trade	1,275	1,591
Accounts receivable from completed construction contracts	44,742	63,695
Securities	4,500	—
Costs on uncompleted construction contracts	461	394
Raw materials and supplies	132	128
Prepaid expenses	280	284
Deferred tax assets	1,023	1,576
Accounts receivable-other	2,066	1,757
Other	815	715
Total current assets	72,538	78,968
Non-current assets		
Property, plant and equipment		
Buildings	4,552	4,590
Accumulated depreciation	(3,336)	(3,422)
Buildings, net	1,215	1,167
Structures	162	161
Accumulated depreciation	(144)	(145)
Structures, net	18	15
Machinery and equipment	701	635
Accumulated depreciation	(660)	(593)
Machinery and equipment, net	41	41
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	0	0
Tools, furniture and fixtures	808	798
Accumulated depreciation	(656)	(641)
Tools, furniture and fixtures, net	151	156
Land	1,437	1,437
Lease assets	57	61
Accumulated depreciation	(38)	(49)
Lease assets, net	19	12
Total property, plant and equipment	2,883	2,831
Intangible assets		
Leasehold right	0	0
Software	731	1,148
Other	12	8
Total intangible assets	744	1,157

Millions of yen

	As of March 31, 2015	As of March 31, 2016
Investments and other assets		
Investment securities	25,579	21,730
Shares of subsidiaries and associates	9,752	9,769
Investments in capital	1	0
Long-term loans receivable	1	0
Long-term loans receivable from employees	37	19
Long-term accounts receivable from subsidiaries and associates	76	—
Lease and guarantee deposits	1,337	1,243
Long-term prepaid expenses	240	182
Prepaid pension cost	3,234	4,311
Insurance funds	338	340
Claims provable in bankruptcy, claims provable in rehabilitation and other	71	4
Other	3	3
Allowance for doubtful accounts	(154)	(11)
Total investments and other assets	40,521	37,594
Total non-current assets	44,149	41,584
Total assets	116,687	120,553
Liabilities		
Current liabilities		
Notes payable-trade	5,945	6,279
Electronically recorded obligations - operating	3,890	13,316
Accounts payable for construction contracts	17,178	11,027
Short-term loans payable	2,032	2,242
Lease obligations	12	9
Accounts payable-other	3,138	4,578
Accrued expenses	388	524
Income taxes payable	1,001	1,524
Advances received on uncompleted construction contracts	940	912
Deposits received	158	163
Unearned revenue	6	6
Provision for warranties for completed construction	157	401
Provision for loss on construction contracts	56	60
Provision for directors' bonuses	85	119
Provision for loss on Anti-Monopoly Act	207	—
Reserve for loss on dissolution of employees' pension fund	—	224
Other	523	655
Total current liabilities	35,721	42,046
Non-current liabilities		
Long-term loans payable	155	100
Lease obligations	7	2
Deferred tax liabilities	5,398	4,302
Provision for retirement benefits	77	97
Reserve for loss on dissolution of employees' pension fund	228	—
Other	82	900
Total non-current liabilities	5,951	5,404
Total liabilities	41,672	47,450

Millions of yen

	As of March 31, 2015	As of March 31, 2016
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus		
Legal capital surplus	7,297	7,297
Other capital surplus	47	47
Total capital surpluses	7,344	7,344
Retained earnings		
Legal retained earnings	1,613	1,613
Other retained earnings		
Reserve for reduction entry	0	0
Reserve for investment on information technology	1,800	2,000
General reserve	35,720	35,720
Retained earnings brought forward	14,429	17,186
Total retained earnings	53,562	56,519
Treasury shares	(2,919)	(5,127)
Total shareholders' equity	64,443	65,191
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,577	7,908
Deferred gains or losses on hedges	(5)	1
Total valuation and translation adjustments	10,571	7,910
Total net assets	75,014	73,102
Total liabilities and net assets	116,687	120,553

(2) Income Statements

	Millions of yen	
	Year ended	Year ended
	March 31, 2015 Apr. 1, 2014 - Mar. 31, 2015	March 31, 2016 Apr. 1, 2015 - Mar. 31, 2016
Net sales of completed construction contracts	93,297	107,269
Cost of sales of completed construction contracts	79,974	91,551
Gross profit on completed construction contracts	<u>13,323</u>	<u>15,718</u>
Selling, general and administrative expenses		
Directors' compensations	293	347
Employees' salaries and allowances	4,970	5,613
Provision for directors' bonuses	85	119
Retirement benefit expenses	347	179
Legal welfare expenses	732	861
Welfare expenses	331	350
Repair and maintenance	163	162
Stationery expenses	430	474
Correspondence and transportation expenses	674	660
Power utilities expenses	67	63
Research study expenses	258	251
Advertising expenses	75	72
Entertainment expenses	93	109
Contribution	12	8
Rents	730	756
Depreciation	335	350
Taxes and dues	187	263
Insurance expenses	17	17
Miscellaneous expenses	1,003	986
Total selling, general and administrative expenses	<u>10,812</u>	<u>11,648</u>
Operating income	<u>2,510</u>	<u>4,069</u>
Non-operating income		
Interest income	6	1
Interest on securities	8	4
Dividends income	1,915	1,528
Dividends income of insurance	142	138
Real estate rent	204	173
Technical advisory fee	1,554	1,581
Reversal of allowance for doubtful accounts	28	—
Other	29	47
Total non-operating income	<u>3,891</u>	<u>3,476</u>
Non-operating expenses		
Interest expenses	17	14
Sales discounts	26	45
Rent expenses on real estates	68	49
Foreign exchange losses	31	179
Provision of allowance for doubtful accounts	—	1
Other	34	32
Total non-operating expenses	<u>178</u>	<u>323</u>
Ordinary income	<u>6,224</u>	<u>7,222</u>

	Millions of yen	
	Year ended	Year ended
	March 31, 2015	March 31, 2016
	Apr. 1, 2014 - Mar. 31, 2015	Apr. 1, 2015 - Mar. 31, 2016
Extraordinary income		
Gain on disposal of non-current assets	1,154	0
Gain on sales of investment securities	0	60
Reversal of allowance for doubtful accounts for subsidiaries and associates	37	4
Reversal of provision for loss on guarantees of subsidiaries and associates	79	—
Reversal of provision for loss on Anti-Monopoly Act	—	87
Reversal of reserve for loss on dissolution of employees' pension fund	363	3
Surrender value of insurance	0	0
Total extraordinary income	1,637	157
Extraordinary loss		
Loss on disposal of non-current assets	838	13
Impairment loss	9	0
Loss on sales of investment securities	0	0
Loss on valuation of investment securities	—	0
Loss on valuation of shares of subsidiaries and associates	—	223
Provision for loss on Anti-Monopoly Act	38	—
Loss on insurance cancellation	0	—
Total extraordinary losses	887	237
Income before income taxes	6,974	7,142
Income taxes-current	1,486	2,301
Income taxes-deferred	373	(108)
Total income taxes	1,860	2,193
Profit	5,114	4,949

(3) Statements of Changes in Net Assets

Year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

Millions of yen

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry	Reserve for investment on information technology	General reserve
Balance at the beginning of current period	6,455	7,297	47	7,344	1,613	0	1,600	35,720
Cumulative effects of changes in accounting policies								
Restated balance	6,455	7,297	47	7,344	1,613	0	1,600	35,720
Changes of items during the period								
Reversal of reserve for reduction entry						(0)		
Reserve of reserve for investment on information technology							200	
Dividends of surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	0	0	—	(0)	200	—
Balance at the end of current period	6,455	7,297	47	7,344	1,613	0	1,800	35,720

Millions of yen

	Shareholders' equity				Valuation and translation adjustments			Total Net assets
	Retained earnings		Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Other retained earnings	Total Retained earnings						
	Retained earnings brought forward							
Balance at the beginning of current period	8,694	47,628	(2,915)	58,512	6,765	(5)	6,760	65,273
Cumulative effects of changes in accounting policies	2,406	2,406		2,406				2,406
Restated balance	11,100	50,034	(2,915)	60,918	6,765	(5)	6,760	67,679
Changes of items during the period								
Reversal of reserve for reduction entry	0			—				—
Reserve of reserve for investment on information technology	(200)			—				—
Dividends of surplus	(1,586)	(1,586)		(1,586)				(1,586)
Profit	5,114	5,114		5,114				5,114
Purchase of treasury shares			(3)	(3)				(3)
Disposal of treasury shares			0	0				0
Net changes of items other than shareholders' equity					3,811	(0)	3,811	3,811
Total changes of items during the period	3,328	3,527	(3)	3,524	3,811	(0)	3,811	7,335
Balance at the end of current period	14,429	53,562	(2,919)	64,443	10,577	(5)	10,571	75,014

Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

Millions of yen

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry	Reserve for investment on information technology	General reserve
Balance at the beginning of current period	6,455	7,297	47	7,344	1,613	0	1,800	35,720
Cumulative effects of changes in accounting policies								
Restated balance	6,455	7,297	47	7,344	1,613	0	1,800	35,720
Changes of items during the period								
Reversal of reserve for reduction entry								
Reserve of reserve for investment on information technology							200	
Dividends of surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	—	—	200	—
Balance at the end of current period	6,455	7,297	47	7,344	1,613	0	2,000	35,720

Millions of yen

	Shareholders' equity				Valuation and translation adjustments			Total Net assets
	Retained earnings		Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Other retained earnings	Total Retained earnings						
	Retained earnings brought forward							
Balance at the beginning of current period	14,429	53,562	(2,919)	64,443	10,577	(5)	10,571	75,014
Cumulative effects of changes in accounting policies								
Restated balance	14,429	53,562	(2,919)	64,443	10,577	(5)	10,571	75,014
Changes of items during the period								
Reversal of reserve for reduction entry				—				—
Reserve of reserve for investment on information technology	(200)			—				—
Dividends of surplus	(1,991)	(1,991)		(1,991)				(1,991)
Profit	4,949	4,949		4,949				4,949
Purchase of treasury shares			(2,208)	(2,208)				(2,208)
Disposal of treasury shares				—				—
Net changes of items other than shareholders' equity					(2,668)	7	(2,661)	(2,661)
Total changes of items during the period	2,757	2,957	(2,208)	748	(2,668)	7	(2,661)	(1,912)
Balance at the end of current period	17,186	56,519	(5,127)	65,191	7,908	1	7,910	73,102

(Supplementary information)

1. Statement for orders-received, net sales of completed construction contracts, and construction carried forward by each division (consolidated)

Millions of yen

	Year ended March 31, 2015 (Apr. 1, 2014 - Mar. 31, 2015)		Year ended March 31, 2016 (Apr. 1, 2015 - Mar. 31, 2016)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	44,896	24.0	43,717	19.7	(1,179)	(2.6)
Industrial HVAC	81,093	43.3	88,988	40.1	7,895	9.7
Total	125,989	67.3	132,706	59.8	6,717	5.3
[Overseas]	[42,798]	[22.8]	[42,887]	[19.3]	[89]	[0.2]
Paint Finishing System Division	61,321	32.7	89,058	40.2	27,737	45.2
[Overseas]	[50,573]	[27.0]	[77,541]	[35.0]	[26,968]	[53.3]
Total	187,311	100.0	221,764	100.0	34,453	18.4
[Overseas]	[93,371]	[49.8]	[120,428]	[54.3]	[27,057]	[29.0]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	40,827	22.2	43,608	20.5	2,781	6.8
Industrial HVAC	75,307	41.0	91,214	43.0	15,907	21.1
Total	116,134	63.2	134,822	63.5	18,688	16.1
[Overseas]	[40,150]	[21.9]	[51,591]	[24.3]	[11,441]	[28.5]
Paint Finishing System Division	67,513	36.8	77,602	36.5	10,089	14.9
[Overseas]	[61,194]	[33.3]	[66,290]	[31.2]	[5,096]	[8.3]
Total	183,648	100.0	212,424	100.0	28,776	15.7
[Overseas]	[101,344]	[55.2]	[117,881]	[55.5]	[16,537]	[16.3]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	49,481	33.0	49,590	30.9	109	0.2
Industrial HVAC	41,666	27.7	41,681	25.9	15	0.0
Total	91,147	60.7	91,271	56.8	124	0.1
[Overseas]	[29,111]	[19.4]	[22,648]	[14.1]	[(6,463)]	[(22.2)]
Paint Finishing System Division	59,131	39.3	69,363	43.2	10,232	17.3
[Overseas]	[52,150]	[34.7]	[62,177]	[38.7]	[10,027]	[19.2]
Total	150,278	100.0	160,635	100.0	10,357	6.9
[Overseas]	[81,262]	[54.1]	[84,826]	[52.8]	[3,564]	[4.4]

(Note) 1. The amounts of orders received, net sales of completed construction contracts, and carried forward are the transacted amount with external customers.

2. In the previous year, there is 15 million yen difference between net sales of completed construction contracts of 116,134 million yen and total sales of 116,150 million yen in the segment information by the Green Technology System Division.

There is 100 million yen difference between net sales of completed construction contracts of 67,513 million yen and total sales of 67,614 yen in the segment information by Paint Finishing System Division.

Above differences are due to intersegment sales.

3. In the fiscal year, there is 2 million yen difference between net sales of completed construction contracts of 134,822 million yen and total sales of 134,824 million yen in the segment information by the Green Technology System Division.

There is 133 million yen difference between net sales of completed construction contracts of 77,602 million yen and total sales of 77,735 million yen in the segment information by Paint Finishing System Division.

Above differences are due to intersegment sales.

4.Regarding foreign exchange translation of contracts brought forward from previous year in foreign subsidiaries, fluctuation amount because of foreign exchange is adjusted in the beginning balance of construction contracts brought forward.

Beginning balance of construction contracts brought forward after adjustment in the fiscal year is as follows.

Green Technology System Division			
HVAC for buildings	49,481 million yen		
Industrial HVAC	43,907 million yen	[overseas	31,352 million yen]
Sub total	93,388 million yen	[overseas	31,352 million yen]
Paint Finishing System Division	57,907 million yen	[overseas	50,926 million yen]
Total	151,295 million yen	[overseas	82,279 million yen]

2. Statement for orders-received, net sales of completed construction contracts, and construction carried forward by each division (Non-consolidated)

Millions of yen

	Year ended March 31, 2015 (Apr. 1, 2014 - Mar. 31, 2015)		Year ended March 31, 2016 (Apr. 1, 2015 - Mar. 31, 2016)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	42,832	42.6	41,611	37.2	(1,221)	(2.9)
Industrial HVAC	38,482	38.3	46,416	41.5	7,934	20.6
Total	81,315	80.9	88,027	78.7	6,712	8.3
[Overseas]	[252]	[0.3]	[445]	[0.4]	[193]	[76.6]
Paint Finishing System Division	19,164	19.1	23,765	21.3	4,601	24.0
[Overseas]	[10,195]	[10.1]	[14,412]	[12.9]	[4,217]	[41.4]
Total	100,479	100.0	111,793	100.0	11,314	11.3
[Overseas]	[10,448]	[10.4]	[14,858]	[13.3]	[4,410]	[42.2]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	38,530	41.3	41,420	38.6	2,890	7.5
Industrial HVAC	35,386	37.9	39,968	37.3	4,582	12.9
Total	73,916	79.2	81,389	75.9	7,473	10.1
[Overseas]	[293]	[0.3]	[445]	[0.4]	[152]	[51.9]
Paint Finishing System Division	19,381	20.8	25,880	24.1	6,499	33.5
[Overseas]	[14,758]	[15.8]	[16,562]	[15.5]	[1,804]	[12.2]
Total	93,297	100.0	107,269	100.0	13,972	15.0
[Overseas]	[15,051]	[16.1]	[17,007]	[15.9]	[1,956]	[13.0]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	49,152	65.5	49,343	62.1	191	0.4
Industrial HVAC	12,572	16.8	19,019	23.9	6,447	51.3
Total	61,724	82.3	68,363	86.0	6,639	10.8
[Overseas]	[22]	[0.0]	[22]	[0.0]	[0]	[0.0]
Paint Finishing System Division	13,253	17.7	11,138	14.0	(2,115)	(16.0)
[Overseas]	[6,629]	[8.9]	[4,480]	[5.7]	[(2,149)]	[(32.4)]
Total	74,978	100.0	79,501	100.0	4,523	6.0
[Overseas]	[6,651]	[8.9]	[4,502]	[5.7]	[(2,149)]	[(32.3)]