

# Financial Report for the First Quarter of the Fiscal Year ending March 31, 2019

August 10, 2018

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..... Toshiaki Shiba, President and Representative Director

Contact..... Masanori Nakagawa, Director, Managing Corporate Officer, Administrative Management  
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Scheduled date to submit Quarterly report : August 14, 2018

Scheduled date to commence dividend payments : —

Supplemental materials prepared for financial results : None

Briefing session of financial results : None

(Round down to one million yen)

## 1. Consolidated Operating Performance (April 1, 2018 through June 30, 2018)

### (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	%
Three months ended								
June 30, 2018	49,089	13.2	2,554	407.8	2,805	356.1	1,754	561.9
June 30, 2017	43,373	13.8	503	(50.0)	615	(51.4)	265	(66.5)

(Note) Comprehensive income Three months ended June 30, 2018 1,573 million yen (26.8)%  
Three months ended June 30, 2017 2,148 million yen — %

Three months ended	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
	yen	yen
June 30, 2018	51.51	—
June 30, 2017	7.77	—

### (2) Consolidated financial position

As of	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
June 30, 2018	205,819	110,279	51.1
March 31, 2018	215,392	110,650	48.8

(Note) Shareholders' Equity As of June 30, 2018 105,090 million yen  
As of March 31, 2018 105,188 million yen

※"Partial amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, revised on February 16, 2018) has been applied from the first quarter of the fiscal year ending March 31, 2019. To reflect the change in presentation method due to the application, the amounts of consolidated financial position as of March 31, 2018 are revised retroactively.

## 2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year End	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2018	—	25.00	—	50.00	75.00
March 31, 2019	—	—	—	—	—
Year ending March 31, 2019 (Forecast)	—	25.00	—	52.00	77.00

(Note) Revisions to forecast of dividends : None

## 3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2019 (April 1, 2018 through March 31, 2019)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Half year	96,000	(5.0)	4,100	28.3	4,600	28.6	2,800	22.4	—	81.98
Full year	220,000	(5.1)	12,300	1.0	13,000	(0.6)	7,500	3.4	—	219.59

(Note) Revisions to forecast of earnings : None

#### 4. Others

- (1) Changes in significant subsidiaries during the period  
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : Yes  
Excluded from consolidation: Geico Taikisha Europe Ltd.

Please refer to page 7 "Significant changes in scope of consolidation for the first quarter of the fiscal year ending March 31, 2019" for details.

- (2) Adoption of particular accounting treatments for quarterly consolidated financial statements : None

- (3) Changes in accounting policies, changes in accounting estimates and restatements

- (i) Changes in accounting policies due to revisions of accounting standards etc. : None  
(ii) Changes in accounting policies other than (i) : None  
(iii) Changes in accounting estimates : None  
(iv) Restatements : None

- (4) Number of shares issued (common shares)

- (i) Number of shares issued at end of period (including treasury shares)

As of June 30, 2018 35,082,009 shares  
As of March 31, 2018 35,082,009 shares

- (ii) Number of treasury shares at end of period

As of June 30, 2018 1,013,023 shares  
As of March 31, 2018 1,012,999 shares

- (iii) Average number of shares during the period

Three months ended June 30, 2018 34,068,992 shares  
Three months ended June 30, 2017 34,206,119 shares

- ※ Notice of status of implementation for quarterly review procedures  
This financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.

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

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, 2018	As of June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	47,147	40,420
Notes receivable, accounts receivable from completed construction contracts and other	101,947	94,626
Securities	—	500
Costs on uncompleted construction contracts	2,120	3,434
Raw materials and supplies	348	335
Other	7,990	9,970
Allowance for doubtful accounts	(539)	(640)
<b>Total current assets</b>	<b>159,015</b>	<b>148,646</b>
Non-current assets		
Property, plant and equipment	9,414	9,507
Intangible assets		
Goodwill	2,762	2,603
Other	3,364	3,503
<b>Total intangible assets</b>	<b>6,126</b>	<b>6,107</b>
Investments and other assets		
Investment securities	30,724	31,100
Net defined benefit asset	6,311	6,740
Other	3,815	3,731
Allowance for doubtful accounts	(14)	(14)
<b>Total investments and other assets</b>	<b>40,836</b>	<b>41,557</b>
<b>Total non-current assets</b>	<b>56,377</b>	<b>57,172</b>
<b>Total assets</b>	<b>215,392</b>	<b>205,819</b>
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	60,590	52,511
Short-term loans payable	6,730	8,159
Income taxes payable	3,859	725
Advances received on uncompleted construction contracts	11,870	11,937
Provision for bonuses	—	984
Provision for warranties for completed construction	690	788
Provision for loss on construction contracts	469	556
Provision for directors' bonuses	122	—
Other	9,409	7,667
<b>Total current liabilities</b>	<b>93,742</b>	<b>83,330</b>
Non-current liabilities		
Long-term loans payable	1,606	1,951
Provision for directors' retirement benefits	64	53
Net defined benefit liability	1,563	1,532
Other	7,765	8,671
<b>Total non-current liabilities</b>	<b>11,000</b>	<b>12,208</b>
<b>Total liabilities</b>	<b>104,742</b>	<b>95,539</b>

Millions of yen

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,258	7,258
Retained earnings	78,698	78,749
Treasury shares	(2,475)	(2,475)
Total shareholders' equity	89,936	89,987
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,242	13,562
Deferred gains or losses on hedges	3	19
Foreign currency translation adjustment	1,141	380
Accumulated remeasurements of defined benefit plans	864	1,140
Total accumulated other comprehensive income	15,252	15,102
Non-controlling interests	5,461	5,189
Total net assets	110,650	110,279
Total liabilities and net assets	215,392	205,819

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

	Millions of yen	
	Three months ended June 30, 2017	Three months ended June 30, 2018
	Apr. 1, 2017 - Jun. 30, 2017	Apr. 1, 2018 - Jun. 30, 2018
Net sales of completed construction contracts	43,373	49,089
Cost of sales of completed construction contracts	38,309	41,627
Gross profit on completed construction contracts	5,064	7,461
Selling, general and administrative expenses	4,560	4,907
Operating income	503	2,554
Non-operating income		
Interest income	130	83
Dividend income	179	211
Real estate rent	26	26
Foreign exchange gains	—	2
Reversal of allowance for doubtful accounts	0	—
Other	57	69
Total non-operating income	394	393
Non-operating expenses		
Interest expenses	49	52
Rent expenses on real estates	4	5
Foreign exchange losses	156	—
Provision of allowance for doubtful accounts	—	0
Share of loss of entities accounted for using equity method	32	58
Other	37	25
Total non-operating expenses	281	142
Ordinary income	615	2,805
Extraordinary income		
Gain on disposal of non-current assets	0	2
Total extraordinary income	0	2
Extraordinary losses		
Loss on disposal of non-current assets	1	7
Impairment loss	0	—
Total extraordinary losses	1	7
Profit before income taxes	615	2,800
Income taxes-current	123	251
Income taxes-deferred	218	668
Total income taxes	341	920
Profit	273	1,880
Profit attributable to non-controlling interests	7	125
Profit attributable to owners of parent	265	1,754

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2017	Three months ended June 30, 2018
	Apr. 1, 2017 - Jun. 30, 2017	Apr. 1, 2018 - Jun. 30, 2018
Profit	273	1,880
Other comprehensive income		
Valuation difference on available-for-sale securities	1,901	320
Deferred gains or losses on hedges	159	18
Foreign currency translation adjustment	(363)	(909)
Remeasurements of defined benefit plans	196	278
Share of other comprehensive income of entities accounted for using equity method	(19)	(14)
Total other comprehensive income	1,875	(307)
Comprehensive income	2,148	1,573
Comprehensive income attributable to :		
Owners of parent	2,119	1,605
Non-controlling interests	28	(32)

(Segment information)

Sales and profits or losses by reportable segments

Three months ended June 30, 2017 (April 1, 2017 - June 30, 2017)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	26,957	16,415	43,373	—	43,373
Intersegment	—	1	1	(1)	—
Total	26,957	16,417	43,375	(1)	43,373
Segment profit (loss)	1,916	(1,524)	392	223	615

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

Eliminations/ Corporate of Segment profit (loss) of 223 million yen includes non-allocatable common profits (net amount of common profit and loss) of 220 million yen and other adjustment of 2 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

Three months ended June 30, 2018 (April 1, 2018 - June 30, 2018)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	33,692	15,396	49,089	—	49,089
Intersegment	—	0	0	(0)	—
Total	33,692	15,397	49,089	(0)	49,089
Segment profit (loss)	3,031	(449)	2,581	224	2,805

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

Eliminations/ Corporate of Segment profit (loss) of 224 million yen includes non-allocatable common profits (net amount of common profit and loss) of 222 million yen and other adjustment of 1 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

(Significant changes in scope of consolidation for the first quarter of the fiscal year ending March 31, 2019)

During the first quarter of the fiscal year ending March 31, 2019, Geico S.p.A., a consolidated subsidiary of Taikisha Ltd., merged Geico Taikisha Europe Ltd., a consolidated subsidiary of Geico S.p.A.. As a result of the merger, Geico Taikisha Europe Ltd. was dissolved and excluded from the scope of consolidation.

(Additional information)

"Partial amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, revised on February 16, 2018) has been applied from the first quarter of the fiscal year ending March 31, 2019. Deferred tax assets are recorded in the "Investment and other assets" and deferred tax liabilities are recorded in the "Non-current liabilities".

## (Supplementary information)

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

Millions of yen

	Three months ended June 30, 2017 (Apr. 1, 2017 - Jun. 30, 2017)		Three months ended June 30, 2018 (Apr. 1, 2018 - Jun. 30, 2018)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	14,834	25.2	16,526	27.9	1,692	11.4
Industrial HVAC	24,338	41.3	27,163	45.8	2,825	11.6
Total	39,172	66.5	43,689	73.7	4,517	11.5
[Overseas]	[ 10,474 ]	[ 17.8 ]	[ 9,742 ]	[ 16.4 ]	[ (732) ]	[ (7.0) ]
Paint Finishing System Division	19,718	33.5	15,565	26.3	(4,153)	(21.1)
[Overseas]	[ 16,244 ]	[ 27.6 ]	[ 13,687 ]	[ 23.1 ]	[ (2,557) ]	[ (15.7) ]
Total	58,890	100.0	59,254	100.0	364	0.6
[Overseas]	[ 26,718 ]	[ 45.4 ]	[ 23,429 ]	[ 39.5 ]	[ (3,289) ]	[ (12.3) ]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	10,309	23.8	8,897	18.1	(1,412)	(13.7)
Industrial HVAC	16,648	38.4	24,795	50.5	8,147	48.9
Total	26,957	62.2	33,692	68.6	6,735	25.0
[Overseas]	[ 6,927 ]	[ 16.0 ]	[ 8,657 ]	[ 17.6 ]	[ 1,730 ]	[ 25.0 ]
Paint Finishing System Division	16,415	37.8	15,396	31.4	(1,019)	(6.2)
[Overseas]	[ 13,674 ]	[ 31.5 ]	[ 13,434 ]	[ 27.4 ]	[ (240) ]	[ (1.8) ]
Total	43,373	100.0	49,089	100.0	5,716	13.2
[Overseas]	[ 20,601 ]	[ 47.5 ]	[ 22,091 ]	[ 45.0 ]	[ 1,490 ]	[ 7.2 ]
Construction carried forward						
Green Technology System Division						
Building HVAC	58,996	31.7	59,868	35.2	872	1.5
Industrial HVAC	48,468	26.0	53,388	31.4	4,920	10.2
Total	107,465	57.7	113,257	66.6	5,792	5.4
[Overseas]	[ 23,112 ]	[ 12.4 ]	[ 24,438 ]	[ 14.4 ]	[ 1,326 ]	[ 5.7 ]
Paint Finishing System Division	78,883	42.3	56,896	33.4	(21,987)	(27.9)
[Overseas]	[ 71,537 ]	[ 38.4 ]	[ 52,050 ]	[ 30.6 ]	[ (19,487) ]	[ (27.2) ]
Total	186,349	100.0	170,153	100.0	(16,196)	(8.7)
[Overseas]	[ 94,650 ]	[ 50.8 ]	[ 76,488 ]	[ 45.0 ]	[ (18,162) ]	[ (19.2) ]

(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 consolidated cumulative first quarter, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division.

There is 1 million yen difference between net sales of completed construction contracts of 16,415 million yen and total sales of 16,417 million yen in the segment information by the Paint Finishing System Division due to intersegment sales.

3.In the consolidated cumulative first quarter, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division.

There is 0 million yen difference between net sales of completed construction contracts of 15,396 million yen and total sales of 15,397 million yen in the segment information by the Paint Finishing System Division due to intersegment sales.



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

Millions of yen

	Three months ended June 30, 2017 (Apr. 1, 2017 - Jun. 30, 2017)		Three months ended June 30, 2018 (Apr. 1, 2018 - Jun. 30, 2018)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	14,197	39.2	15,753	39.2	1,556	11.0
Industrial HVAC	13,931	38.4	16,983	42.2	3,052	21.9
Total	28,128	77.6	32,737	81.4	4,609	16.4
[Overseas]	[ 93 ]	[ 0.3 ]	[ 18 ]	[ 0.0 ]	[ (75) ]	[ (80.6) ]
Paint Finishing System Division	8,118	22.4	7,495	18.6	(623)	(7.7)
[Overseas]	[ 5,471 ]	[ 15.1 ]	[ 6,061 ]	[ 15.1 ]	[ 590 ]	[ 10.8 ]
Total	36,246	100.0	40,232	100.0	3,986	11.0
[Overseas]	[ 5,565 ]	[ 15.4 ]	[ 6,080 ]	[ 15.1 ]	[ 515 ]	[ 9.3 ]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	9,977	42.3	8,369	30.2	(1,608)	(16.1)
Industrial HVAC	9,735	41.2	16,101	58.2	6,366	65.4
Total	19,713	83.5	24,471	88.4	4,758	24.1
[Overseas]	[ 33 ]	[ 0.2 ]	[ 26 ]	[ 0.1 ]	[ (7) ]	[ (21.2) ]
Paint Finishing System Division	3,885	16.5	3,198	11.6	(687)	(17.7)
[Overseas]	[ 1,613 ]	[ 6.8 ]	[ 1,804 ]	[ 6.5 ]	[ 191 ]	[ 11.8 ]
Total	23,599	100.0	27,670	100.0	4,071	17.3
[Overseas]	[ 1,646 ]	[ 7.0 ]	[ 1,830 ]	[ 6.6 ]	[ 184 ]	[ 11.2 ]
Construction carried forward						
Green Technology System Division						
Building HVAC	58,222	58.8	59,121	58.5	899	1.5
Industrial HVAC	25,444	25.7	28,536	28.3	3,092	12.2
Total	83,666	84.5	87,658	86.8	3,992	4.8
[Overseas]	[ 102 ]	[ 0.1 ]	[ 12 ]	[ 0.0 ]	[ (90) ]	[ (88.2) ]
Paint Finishing System Division	15,326	15.5	13,369	13.2	(1,957)	(12.8)
[Overseas]	[ 8,572 ]	[ 8.7 ]	[ 9,043 ]	[ 9.0 ]	[ 471 ]	[ 5.5 ]
Total	98,993	100.0	101,027	100.0	2,034	2.1
[Overseas]	[ 8,674 ]	[ 8.8 ]	[ 9,055 ]	[ 9.0 ]	[ 381 ]	[ 4.4 ]

### 3. Sales by regions

Three months ended June 30, 2017 (April 1, 2017 - June 30, 2017)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
22,771	8,045	3,994	3,253	2,053	434	1,014	1,805	43,373

Three months ended June 30, 2018 (April 1, 2018 - June 30, 2018)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
26,997	5,034	5,736	3,870	1,786	351	2,023	3,289	49,089