

Financial Report for the Third Quarter of the Fiscal Year ending March 31, 2016

February 10, 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 to submit Quarterly report : February 12, 2016

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, 2015 through December 31, 2015)

(1) Consolidated operating results

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine months ended	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2015	145,370	13.7	8,759	86.6	8,010	48.3	4,337	17.5
December 31, 2014	127,889	(1.6)	4,694	4.1	5,402	(0.8)	3,691	27.5

(Note) Comprehensive income
 Nine months ended December 31, 2015 1,870 million yen (70.2)%
 Nine months ended December 31, 2014 6,269 million yen (25.1)%

	Basic earnings per share	Diluted earnings per share
Nine months ended	yen	yen
December 31, 2015	125.01	—
December 31, 2014	104.75	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
As of	million yen	million yen	%
December 31, 2015	189,672	96,890	48.6
March 31, 2015	188,283	99,669	50.4

(Note) Shareholders' Equity
 As of December 31, 2015 92,091 million yen
 As of March 31, 2015 94,832 million yen

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year End	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2015	—	20.00	—	32.00	52.00
March 31, 2016	—	25.00	—		
Year ending March 31, 2016 (Forecast)				25.00	50.00

(Note) Revisions to forecast of dividends : None

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2016 (April 1, 2015 through March 31, 2016)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	Basic earnings per share
Full year	million yen	%	million yen	%	million yen	%	million yen	yen
	212,000	15.4	11,600	33.8	12,100	26.3	6,900	13.4
								198.85

(Note) Revisions to forecast of earnings : Yes

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (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. : Yes
 - (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 December 31, 2015 36,782,009 shares
 - As of March 31, 2015 36,782,009 shares
 - (ii) Number of treasury shares at end of period
 - As of December 31, 2015 2,219,011 shares
 - As of March 31, 2015 1,538,406 shares
 - (iii) Average number of shares during the period
 - Nine months ended December 31, 2015 34,699,305 shares
 - Nine months ended December 31, 2014 35,244,604 shares
- ※ Notice of status of implementation for quarterly review procedures
This financial report is not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act.
Quarterly review 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
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 December 31, 2015
Assets		
Current assets		
Cash and deposits	43,819	38,348
Notes receivable, accounts receivable from completed construction contracts and other	78,607	84,849
Securities	4,500	1,000
Costs on uncompleted construction contracts	3,109	4,061
Raw materials and supplies	332	454
Other	11,198	15,515
Allowance for doubtful accounts	(546)	(441)
Total current assets	141,022	143,788
Non-current assets		
Property, plant and equipment	8,043	7,852
Intangible assets		
Goodwill	3,481	3,123
Other	1,165	1,207
Total intangible assets	4,647	4,331
Investments and other assets		
Investment securities	26,385	25,510
Net defined benefit asset	4,810	5,410
Other	3,512	2,811
Allowance for doubtful accounts	(136)	(32)
Total investments and other assets	34,571	33,700
Total non-current assets	47,261	45,884
Total assets	188,283	189,672
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	45,693	46,129
Short-term loans payable	9,892	7,479
Income taxes payable	1,416	853
Advances received on uncompleted construction contracts	11,438	13,023
Provision for bonuses	—	2,009
Provision for warranties for completed construction	710	1,056
Provision for loss on construction contracts	298	486
Provision for directors' bonuses	88	65
Provision for loss on Anti-Monopoly Act	207	—
Other	8,314	9,281
Total current liabilities	78,060	80,384
Non-current liabilities		
Long-term loans payable	536	1,797
Provision for directors' retirement benefits	89	102
Reserve for loss on dissolution of employees' pension fund	251	290
Net defined benefit liability	1,551	1,554
Other	8,125	8,653
Total non-current liabilities	10,553	12,397
Total liabilities	88,614	92,781

	Millions of yen	
	As of March 31, 2015	As of December 31, 2015
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,344	7,344
Retained earnings	68,851	71,197
Treasury shares	(2,919)	(5,127)
Total shareholders' equity	79,731	79,869
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,577	9,897
Deferred gains or losses on hedges	(5)	13
Foreign currency translation adjustment	3,742	1,621
Remeasurements of defined benefit plans	786	689
Total accumulated other comprehensive income	15,100	12,222
Non-controlling interests	4,837	4,799
Total net assets	99,669	96,890
Total liabilities and net assets	188,283	189,672

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

	Millions of yen	
	Nine months ended December 31, 2014 Apr. 1, 2014 - Dec. 31, 2014	Nine months ended December 31, 2015 Apr. 1, 2015 - Dec. 31, 2015
Net sales of completed construction contracts	127,889	145,370
Cost of sales of completed construction contracts	109,806	122,507
Gross profit on completed construction contracts	18,082	22,863
Selling, general and administrative expenses	13,387	14,103
Operating income	4,694	8,759
Non-operating income		
Interest income	334	349
Dividend income	311	341
Dividend income of insurance	142	138
Real estate rent	108	78
Reversal of allowance for doubtful accounts	12	—
Other	141	137
Total non-operating income	1,051	1,045
Non-operating expenses		
Interest expenses	177	138
Rent expenses on real estates	33	15
Foreign exchange losses	7	1,476
Provision of allowance for doubtful accounts	—	1
Share of loss of entities accounted for using equity method	70	57
Other	53	105
Total non-operating expenses	342	1,794
Ordinary income	5,402	8,010
Extraordinary income		
Gain on disposal of non-current assets	287	8
Gain on sales of investment securities	0	24
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	—
Other	0	—
Total extraordinary income	688	147
Extraordinary losses		
Loss on disposal of non-current assets	35	3
Impairment loss	85	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	—
Provision of reserve for loss on dissolution of employees' pension fund	—	38
Other	0	—
Total extraordinary losses	160	43
Income before income taxes and non-controlling interests	5,930	8,114
Income taxes-current	879	2,213
Income taxes-deferred	1,090	779
Total income taxes	1,970	2,992
Profit	3,959	5,121
Profit attributable to non-controlling interests	267	784
Profit attributable to owners of parent	3,691	4,337

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Nine months ended December 31, 2014 Apr. 1, 2014 - Dec. 31, 2014	Nine months ended December 31, 2015 Apr. 1, 2015 - Dec. 31, 2015
Profit	3,959	5,121
Other comprehensive income		
Valuation difference on available-for-sale securities	1,748	(679)
Deferred gains or losses on hedges	17	19
Foreign currency translation adjustment	376	(2,483)
Remeasurements of defined benefit plans	158	(94)
Share of other comprehensive income of entities accounted for using equity method	10	(13)
Total other comprehensive income	2,310	(3,251)
Comprehensive income	6,269	1,870
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,133	1,459
Comprehensive income attributable to non-controlling interests	136	410

(Segment information)

1. Nine months ended December 31, 2014 (Apr. 1, 2014 - Dec. 31, 2014)

1. Sales and profits or losses by reportable segments

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	81,024	46,864	127,889	—	127,889
Intersegment	9	64	73	(73)	—
Total	81,034	46,928	127,962	(73)	127,889
Segment profit	3,399	1,565	4,965	437	5,402

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

Eliminations/ Corporate of Segment profit of 437 million yen includes non-allocatable common costs of 439 million yen and other adjustment of minus 1 million yen.

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

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

2. Information on impairment loss of fixed assets or goodwill etc. by reportable segments

(Important fluctuation of Goodwill)

In the Paint Finishing System Division, TKS Industrial Company which is subsidiary of Taikisha Ltd. acquired membership interest of ENC Automation LLC (Current Name "Encore Automation LLC"). With this acquisition, ENC Automation LLC had become the consolidated subsidiary of TKS Industrial Company. As a result, goodwill in the Paint Finishing System Division increased by 703 million yen in the fiscal year.

2. Nine months ended December 31, 2015 (Apr. 1, 2015 - Dec. 31, 2015)

1. Sales and profits or losses by reportable segments

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	95,035	50,334	145,370	—	145,370
Intersegment	2	0	2	(2)	—
Total	95,038	50,335	145,373	(2)	145,370
Segment profit	6,050	1,853	7,903	107	8,010

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

Eliminations/ Corporate of Segment profit of 107 million yen includes non-allocatable common costs of 103 million yen and other adjustment of 3 million yen.

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

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

2. Information on impairment loss of fixed assets or goodwill etc. by reportable segments

(Important fluctuation of Goodwill)

There is nothing applicable.

(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

	Nine months ended December 31, 2014 (Apr. 1, 2014 - Dec. 31, 2014)		Nine months ended December 31, 2015 (Apr. 1, 2015 - Dec. 31, 2015)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	29,362	22.6	34,803	21.6	5,441	18.5
Industrial HVAC	61,051	47.1	74,990	46.4	13,939	22.8
Total	90,413	69.7	109,793	68.0	19,380	21.4
[Overseas]	[28,732]	[22.1]	[34,898]	[21.6]	[6,166]	[21.5]
Paint Finishing System Division	39,289	30.3	51,676	32.0	12,387	31.5
[Overseas]	[32,798]	[25.3]	[45,369]	[28.1]	[12,571]	[38.3]
Total	129,703	100.0	161,469	100.0	31,766	24.5
[Overseas]	[61,531]	[47.4]	[80,268]	[49.7]	[18,737]	[30.5]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	29,624	23.2	29,726	20.5	102	0.3
Industrial HVAC	51,400	40.2	65,309	44.9	13,909	27.1
Total	81,024	63.4	95,035	65.4	14,011	17.3
[Overseas]	[27,785]	[21.7]	[37,290]	[25.7]	[9,505]	[34.2]
Paint Finishing System Division	46,864	36.6	50,334	34.6	3,470	7.4
[Overseas]	[42,378]	[33.2]	[43,535]	[29.9]	[1,157]	[2.7]
Total	127,889	100.0	145,370	100.0	17,481	13.7
[Overseas]	[70,164]	[54.9]	[80,826]	[55.6]	[10,662]	[15.2]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	45,150	30.7	54,558	32.2	9,408	20.8
Industrial HVAC	44,899	30.6	53,887	31.8	8,988	20.0
Total	90,050	61.3	108,445	64.0	18,395	20.4
[Overseas]	[26,780]	[18.2]	[29,260]	[17.2]	[2,480]	[9.3]
Paint Finishing System Division	56,794	38.7	61,005	36.0	4,211	7.4
[Overseas]	[52,236]	[35.6]	[54,516]	[32.2]	[2,280]	[4.4]
Total	146,844	100.0	169,451	100.0	22,607	15.4
[Overseas]	[79,017]	[53.8]	[83,777]	[49.4]	[4,760]	[6.0]

(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 third quarter, there is 9 million yen difference between net sales of completed construction contracts of 81,024 million yen and total sales of 81,034 million yen in the segment information by the Green Technology System Division.

There is 64 million yen difference between net sales of completed construction contracts of 46,864 million yen and total sales of 46,928 million yen in the segment information by the Paint Finishing System Division.

Above differences are due to intersegment sales.

3. In the consolidated cumulative third quarter, there is 2 million yen difference between net sales of completed construction contracts of 95,035 million yen and total sales of 95,038 million yen in the segment information by the Green Technology System Division.

There is 0 million yen difference between net sales of completed construction contracts of 50,334 million yen and total sales of 50,335 million yen in the segment information by the Paint Finishing System Division.

Above differences are 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

	Nine months ended December 31, 2014 (Apr. 1, 2014 - Dec. 31, 2014)		Nine months ended December 31, 2015 (Apr. 1, 2015 - Dec. 31, 2015)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	27,641	38.4	33,051	36.1	5,410	19.6
Industrial HVAC	32,456	45.1	40,321	44.0	7,865	24.2
Total	60,097	83.5	73,372	80.1	13,275	22.1
[Overseas]	[186]	[0.3]	[391]	[0.4]	[205]	[110.2]
Paint Finishing System Division	11,867	16.5	18,192	19.9	6,325	53.3
[Overseas]	[6,804]	[9.4]	[13,410]	[14.7]	[6,606]	[97.1]
Total	71,965	100.0	91,565	100.0	19,600	27.2
[Overseas]	[6,991]	[9.7]	[13,802]	[15.1]	[6,811]	[97.4]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	27,954	42.4	28,127	39.7	173	0.6
Industrial HVAC	23,790	36.1	28,274	40.0	4,484	18.8
Total	51,745	78.5	56,402	79.7	4,657	9.0
[Overseas]	[217]	[0.3]	[353]	[0.5]	[136]	[62.7]
Paint Finishing System Division	14,130	21.5	14,354	20.3	224	1.6
[Overseas]	[10,743]	[16.3]	[8,925]	[12.6]	[(1,818)]	[(16.9)]
Total	65,876	100.0	70,757	100.0	4,881	7.4
[Overseas]	[10,960]	[16.6]	[9,279]	[13.1]	[(1,681)]	[(15.3)]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	44,537	60.3	54,076	56.5	9,539	21.4
Industrial HVAC	18,141	24.5	24,618	25.7	6,477	35.7
Total	62,678	84.8	78,695	82.2	16,017	25.6
[Overseas]	[31]	[0.1]	[59]	[0.1]	[28]	[90.3]
Paint Finishing System Division	11,206	15.2	17,091	17.8	5,885	52.5
[Overseas]	[7,253]	[9.8]	[11,115]	[11.6]	[3,862]	[53.2]
Total	73,885	100.0	95,786	100.0	21,901	29.6
[Overseas]	[7,285]	[9.9]	[11,174]	[11.7]	[3,889]	[53.4]

3. Sales by regions

Nine months ended December 31, 2014 (Apr. 1, 2014 - Dec. 31, 2014)

Millions of yen

Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
57,724	4,248	14,943	17,143	11,717	1,036	1,735	19,339	127,889

Nine months ended December 31, 2015 (Apr. 1, 2015 - Dec. 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			
64,544	6,898	26,909	15,028	12,633	843	5,462	13,051	145,370