

[Translation]

May 16, 2016

Announcement of Mid-Term Business Plan

Taikisha Ltd. announced its 3-year plan of Taikisha Group for the fiscal year ending March 2017 to the fiscal year ending March 2019.

This plan outlines our basic policies and business goals in order to respond to the changing society both in domestic and overseas and continuously advance our group.

Under our Mission Statement, “Customers First,” our group will expand our business globally by utilizing our environment-responsive technologies for “energy, air, and water,” and make the utmost effort to achieve our business goals and meet the expectations of our shareholders and stakeholders. We would like to ask for your support and patronage in the future.

Outline of Mid-Term Business Plan

I. Philosophy and Vision

Mission Statement

"Customers First"

Corporate Philosophy

1. Establish a company which can continuously grow and contribute to the society.
2. Establish an attractive company.

Management Vision

Conduct businesses under free and fair competition in compliance with laws and the spirit thereof; contribute to customer/business partner, shareholder, employee, community/society and global environment with transparency and integrity.

II. Basic Policy

1. To respond to the changing social needs and market environment in a flexible and timely manner and achieve steady and sustainable development.
 - 1) We will establish the corporate governance system which is adapted to the further globalization of our business.
 - 2) We place our emphasis on growing markets and business field and allocate management resources strategically.
2. To be highly trusted and evaluated by all stakeholders.
 - 1) We will meet customers' expectations and ensure their confidence from our customers by providing optimal "technology", "service" and "cost".
 - 2) We will contribute to conserve the global environment and improve the environmental value of our customers with the environment related business.
 - 3) We will cultivate the corporate culture, in which diverse employees play an active role and strengthen human resource development.
 - 4) We will engage in dialogue with stakeholders and make an effort to improve the capital efficiency.

III. Mid-Term Business Goals of Our Group (consolidated)

Target figures for each fiscal year in this plan (consolidated) are as follows:

(in billion yen)

	FY March 2017 (Target)	FY March 2018 (Target)	FY March 2019 (Target)
Orders-Received	200.2	208.5	213.0
Sales	194.0	202.5	208.1
Operating Income	11.1	11.6	12.3
Ordinary Income	11.8	12.3	13.0
Profit Attributable to Owners of Parent	6.9	7.1	7.5

(Exchange rate: 1US\$=108JPY, 1Euro=122JPY, 1Baht=3.06JPY)

Dividend Policy: The basic policy is to implement steady dividends by targeting a consolidated dividend payout ratio of 35%. We also intend to conduct stock buybacks flexibly in order to improve the capital efficiency and to implement a flexible financial policy.

IV. Measures to Achieve Business Goals

1. Green Technology System Business

1) Improve Domestic Businesses

We will aim to respond quickly to the growing business field for both of building and industrial air-conditioning system. Especially, we are working to establish and offer energy-saving systems which minimize environmental impact and meet the demands of the time.

We will aim to increase the orders for maintenance and renovation project by making proposal of the maintenance and improvement of the facilities actively to our customers and ensure the stability of our performance.

2) Improve Overseas Businesses

We will enhance the global network which is our advantage, considering the growing area, to which our management resource will be allocated preferentially, in response to the market economic trends.

We will create marketing and construction organization which enables to satisfy widely the needs of both Japan-based customers and Non-Japan based customers.

We also expand related businesses to air-conditioning business.

3) Enhance Productivity and Realize Optimal Cost

We will promote the standardization of the work flow and management system in our group further and improve the quality in design, construction, cost and safety.

We will take advantage of our global network and make further cost reduction globally.

4) Develop New Businesses and Eco-friendly Technology

We will increase the sales volume of new business, including “TAIKI GREEN FARM, employing only artificial lighting”, “Hydrogen Peroxide-Based Decontamination System”, “test environments to reproduce various conditions.

Our eco-friendly technology, including “exhaust gas treatment” and “direct expansion system”, will meet the tightening regulations around the world and the rise in the needs of energy saving.

2. Paint Finishing System Business

1) Make Intensive Efforts to Increase Orders Received

We set our focus on achieving more orders from American and European car manufacturers through the alliance with overseas group companies.

We aim to strengthen our engineering capabilities so that we can provide comprehensive design solutions for paint finishing plants by advancing accumulation of technology and know-how for related technology of automobile paint finishing plant.

We will intensify marketing activities for the scrap-and-build project, parts painting, expansion /maintenance of existing systems, which are expected to increase.

2) Develop Organization for Growing Overseas Market

We will allocate our management resources preferentially in markets with high growth potential and create more efficient organizations.

3) Enhance Productivity and Realize Optimal Cost

We will ensure the implementation of cost-reduction measures in order to realize optimal costs and establish global-scale procurement and design systems in anticipation of upcoming and intensifying competition for orders.

4) Expand Business Areas

We will enhance our capability to provide services to our customers by expansion of related areas, including painting systems for other than automobile, such as aircraft, paint technology for new material and conveyor systems, with cooperation among group

companies both inside and outside of Japan.

3. Strengthen Our Management Base

1) Enhance Corporate Governance System

Following the purpose of Corporate Governance Code, we will enhance the monitoring capability of Board of Directors steadily. We also proactively engage in constructive dialogue with various stakeholders including shareholders, and make an effort to implement the management focusing on the capital efficiency and aim to ensure ROE 7-9%.

2) Enhance Global Compliance System

We will further enhance our global compliance system and continue the activities to reinforce thorough awareness of compliance of each employee.

3) Strengthen Human Resource Development

We will establish the career development system, which enables our employees to cultivate their professionalism solely, by introducing new human resource management system and reinforcing the raining system.

We also integrate various experience, ability and value of our employees and set focus on the diversity management which leads to increase our competitiveness and improve the productivity.

In particular, we will promote the global human resource management system and put stress on motivating national staff of overseas group companies and advance woman's success.

4) Carry Out Strategic Investments to Reinforce the Business Base

We will make an effort to strengthen corporate infrastructure, which supports mid-long term growth, including the introduction of new mission critical system, research and development for new business field and sophisticating infrastructures for financial accounting and management accounting.