

# Financial Report for the First Quarter of the Fiscal Year ending March 31, 2017

August 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  
Chief Executive

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Scheduled date to submit Quarterly report : August 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, 2016 through June 30, 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	%
Three months ended June 30, 2016	38,098	(7.2)	1,007	(35.6)	1,265	(29.6)	791	(19.3)
June 30, 2015	41,064	4.9	1,563	100.4	1,797	88.2	980	46.5

(Note) Comprehensive income Three months ended June 30, 2016 (2,349) million yen — %  
Three months ended June 30, 2015 1,786 million yen — %

	Basic earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2016	22.91	—
June 30, 2015	28.08	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
As of June 30, 2016	166,898	91,829	52.5
March 31, 2016	189,566	95,921	48.0

(Note) Shareholders' Equity As of June 30, 2016 87,568 million yen  
As of March 31, 2016 91,024 million yen

## 2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year End	Total (annually)
	yen	yen	yen	yen	yen
Year ended March 31, 2016	—	25.00	—	42.00	67.00
March 31, 2017	—	—	—	—	—
Year ending March 31, 2017 (Forecast)	—	25.00	—	45.00	70.00

(Note) Revisions to forecast of dividends : None

## 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		Profit attributable to owners of 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	

(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) : 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 June 30, 2016 36,782,009 shares
    - As of March 31, 2016 36,782,009 shares
  - (ii) Number of treasury shares at end of period
    - As of June 30, 2016 2,219,139 shares
    - As of March 31, 2016 2,219,061 shares
  - (iii) Average number of shares during the period
    - Three months ended June 30, 2016 34,562,918 shares
    - Three months ended June 30, 2015 34,903,486 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, 2016	As of June 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	44,001	31,793
Notes receivable, accounts receivable from completed construction contracts and other	92,718	82,554
Securities	13	11
Costs on uncompleted construction contracts	1,907	2,780
Raw materials and supplies	283	308
Other	10,199	11,708
Allowance for doubtful accounts	(433)	(418)
Total current assets	148,690	128,738
Non-current assets		
Property, plant and equipment	7,750	7,401
Intangible assets		
Goodwill	3,024	2,857
Other	1,512	1,647
Total intangible assets	4,536	4,505
Investments and other assets		
Investment securities	22,469	20,383
Net defined benefit asset	3,203	3,072
Other	2,948	2,827
Allowance for doubtful accounts	(32)	(30)
Total investments and other assets	28,589	26,253
Total non-current assets	40,876	38,159
Total assets	189,566	166,898
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	49,214	38,986
Short-term loans payable	5,261	4,910
Income taxes payable	2,045	440
Advances received on uncompleted construction contracts	15,905	12,817
Provision for bonuses	—	98
Provision for warranties for completed construction	1,346	1,257
Provision for loss on construction contracts	190	83
Provision for directors' bonuses	129	—
Reserve for loss on dissolution of employees' pension fund	247	247
Other	9,154	7,924
Total current liabilities	83,493	66,765
Non-current liabilities		
Long-term loans payable	1,383	1,227
Provision for directors' retirement benefits	106	39
Net defined benefit liability	1,646	1,551
Other	7,015	5,485
Total non-current liabilities	10,152	8,303
Total liabilities	93,645	75,069

	Millions of yen	
	As of March 31, 2016	As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,344	7,343
Retained earnings	73,943	73,295
Treasury shares	(5,127)	(5,127)
Total shareholders' equity	82,615	81,966
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,908	6,547
Deferred gains or losses on hedges	7	98
Foreign currency translation adjustment	1,528	152
Remeasurements of defined benefit plans	(1,036)	(1,196)
Total accumulated other comprehensive income	8,409	5,602
Non-controlling interests	4,896	4,260
Total net assets	95,921	91,829
Total liabilities and net assets	189,566	166,898

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

	Millions of yen	
	Three months ended June 30, 2015 Apr. 1, 2015 - Jun. 30, 2015	Three months ended June 30, 2016 Apr. 1, 2016 - Jun. 30, 2016
Net sales of completed construction contracts	41,064	38,098
Cost of sales of completed construction contracts	34,931	32,682
Gross profit on completed construction contracts	6,133	5,415
Selling, general and administrative expenses	4,570	4,408
Operating income	1,563	1,007
Non-operating income		
Interest income	125	128
Dividend income	147	173
Real estate rent	22	25
Foreign exchange gains	29	—
Reversal of allowance for doubtful accounts	—	1
Other	45	76
Total non-operating income	370	405
Non-operating expenses		
Interest expenses	37	31
Rent expenses on real estates	4	4
Foreign exchange losses	—	43
Provision of allowance for doubtful accounts	0	—
Share of loss of entities accounted for using equity method	42	43
Other	50	24
Total non-operating expenses	136	147
Ordinary income	1,797	1,265
Extraordinary income		
Gain on disposal of non-current assets	1	0
Gain on sales of investment securities	22	5
Reversal of provision for loss on Anti-Monopoly Act	87	—
Total extraordinary income	111	6
Extraordinary loss		
Loss on disposal of non-current assets	0	0
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	0	152
Provision of reserve for loss on dissolution of employees' pension fund	23	—
Total extraordinary losses	24	152
Income before income taxes and non-controlling interests	1,883	1,118
Income taxes-current	374	359
Income taxes-deferred	363	46
Total income taxes	737	406
Profit	1,145	712
Profit (loss) attributable to non-controlling interests	165	(79)
Profit attributable to owners of parent	980	791

# Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2015 Apr. 1, 2015 - Jun. 30, 2015	Three months ended June 30, 2016 Apr. 1, 2016 - Jun. 30, 2016
Profit	1,145	712
Other comprehensive income		
Valuation difference on available-for-sale securities	952	(1,361)
Deferred gains or losses on hedges	(25)	90
Foreign currency translation adjustment	(563)	(1,595)
Remeasurements of defined benefit plans	277	(158)
Share of other comprehensive income of entities accounted for using equity method	0	(36)
Total other comprehensive income	640	(3,061)
Comprehensive income	1,786	(2,349)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,744	(2,015)
Comprehensive income attributable to non-controlling interests	41	(334)

(Segment information)

Sales and profits or losses by reportable segments

Three months ended June 30, 2015 (Apr. 1, 2015 - Jun. 30, 2015)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	26,891	14,173	41,064	—	41,064
Intersegment	—	—	—	—	—
Total	26,891	14,173	41,064	—	41,064
Segment profit	1,301	288	1,590	206	1,797

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

Eliminations/ Corporate of Segment profit of 206 million yen includes non-allocatable common costs of 202 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.

Three months ended June 30, 2016 (Apr. 1, 2016 - Jun. 30, 2016)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	24,976	13,121	38,098	—	38,098
Intersegment	3	7	10	(10)	—
Total	24,979	13,129	38,108	(10)	38,098
Segment profit (loss)	1,182	(53)	1,129	135	1,265

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

Eliminations/ Corporate of Segment profit (loss) of 135 million yen includes non-allocatable common costs of 138 million yen and other adjustment of minus 2 million yen.

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

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

## (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, 2015 (Apr. 1, 2015 - Jun. 30, 2015)		Three months ended June 30, 2016 (Apr. 1, 2016 - Jun. 30, 2016)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	9,972	15.8	13,355	29.6	3,383	33.9
Industrial HVAC	25,120	39.9	18,559	41.2	(6,561)	(26.1)
Total	35,092	55.7	31,915	70.8	(3,177)	(9.1)
[Overseas]	[ 11,039 ]	[ 17.5 ]	[ 4,957 ]	[ 11.0 ]	[ (6,082) ]	[ (55.1) ]
Paint Finishing System Division	27,855	44.3	13,133	29.2	(14,722)	(52.9)
[Overseas]	[ 25,532 ]	[ 40.6 ]	[ 10,339 ]	[ 23.0 ]	[ (15,193) ]	[ (59.5) ]
Total	62,948	100.0	45,048	100.0	(17,900)	(28.4)
[Overseas]	[ 36,572 ]	[ 58.1 ]	[ 15,296 ]	[ 34.0 ]	[ (21,276) ]	[ (58.2) ]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	7,203	17.5	7,132	18.7	(71)	(1.0)
Industrial HVAC	19,687	48.0	17,844	46.9	(1,843)	(9.4)
Total	26,891	65.5	24,976	65.6	(1,915)	(7.1)
[Overseas]	[ 12,207 ]	[ 29.7 ]	[ 8,263 ]	[ 21.7 ]	[ (3,944) ]	[ (32.3) ]
Paint Finishing System Division	14,173	34.5	13,121	34.4	(1,052)	(7.4)
[Overseas]	[ 12,409 ]	[ 30.2 ]	[ 10,423 ]	[ 27.3 ]	[ (1,986) ]	[ (16.0) ]
Total	41,064	100.0	38,098	100.0	(2,966)	(7.2)
[Overseas]	[ 24,617 ]	[ 59.9 ]	[ 18,686 ]	[ 49.0 ]	[ (5,931) ]	[ (24.1) ]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	52,249	29.7	55,813	34.2	3,564	6.8
Industrial HVAC	50,054	28.4	40,903	25.1	(9,151)	(18.3)
Total	102,303	58.1	96,717	59.3	(5,586)	(5.5)
[Overseas]	[ 30,898 ]	[ 17.5 ]	[ 17,848 ]	[ 10.9 ]	[ (13,050) ]	[ (42.2) ]
Paint Finishing System Division	73,715	41.9	66,494	40.7	(7,221)	(9.8)
[Overseas]	[ 66,175 ]	[ 37.6 ]	[ 59,213 ]	[ 36.3 ]	[ (6,962) ]	[ (10.5) ]
Total	176,019	100.0	163,211	100.0	(12,808)	(7.3)
[Overseas]	[ 97,074 ]	[ 55.1 ]	[ 77,061 ]	[ 47.2 ]	[ (20,013) ]	[ (20.6) ]

(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 no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division.

There is no difference between net sales of completed construction contracts and total sales in the segment information by the Paint Finishing System Division.

3. In the fiscal year, there is 3 million yen difference between net sales of completed construction contracts of 24,976 million yen and total sales of 24,979 million yen in the segment information by the Green Technology System Division.

There is 7 million yen difference between net sales of completed construction contracts of 13,121 million yen and total sales of 13,129 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

	Three months ended June 30, 2015 (Apr. 1, 2015 - Jun. 30, 2015)		Three months ended June 30, 2016 (Apr. 1, 2016 - Jun. 30, 2016)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	9,394	25.3	12,830	42.3	3,436	36.6
Industrial HVAC	14,195	38.2	13,682	45.2	(513)	(3.6)
Total	23,589	63.5	26,513	87.5	2,924	12.4
[Overseas]	[ 149 ]	[ 0.4 ]	[ 96 ]	[ 0.3 ]	[ (53) ]	[ (35.6) ]
Paint Finishing System Division	13,532	36.5	3,786	12.5	(9,746)	(72.0)
[Overseas]	[ 11,679 ]	[ 31.5 ]	[ 1,593 ]	[ 5.3 ]	[ (10,086) ]	[ (86.4) ]
Total	37,121	100.0	30,299	100.0	(6,822)	(18.4)
[Overseas]	[ 11,828 ]	[ 31.9 ]	[ 1,689 ]	[ 5.6 ]	[ (10,139) ]	[ (85.7) ]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	6,867	38.1	6,767	33.4	(100)	(1.5)
Industrial HVAC	7,549	41.8	9,623	47.4	2,074	27.5
Total	14,417	79.9	16,391	80.8	1,974	13.7
[Overseas]	[ 92 ]	[ 0.5 ]	[ 72 ]	[ 0.4 ]	[ (20) ]	[ (21.7) ]
Paint Finishing System Division	3,623	20.1	3,901	19.2	278	7.7
[Overseas]	[ 2,240 ]	[ 12.4 ]	[ 1,610 ]	[ 7.9 ]	[ (630) ]	[ (28.1) ]
Total	18,041	100.0	20,292	100.0	2,251	12.5
[Overseas]	[ 2,332 ]	[ 12.9 ]	[ 1,682 ]	[ 8.3 ]	[ (650) ]	[ (27.9) ]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	51,679	55.0	55,406	61.9	3,727	7.2
Industrial HVAC	19,218	20.4	23,078	25.8	3,860	20.1
Total	70,897	75.4	78,485	87.7	7,588	10.7
[Overseas]	[ 78 ]	[ 0.1 ]	[ 46 ]	[ 0.0 ]	[ (32) ]	[ (41.0) ]
Paint Finishing System Division	23,161	24.6	11,022	12.3	(12,139)	(52.4)
[Overseas]	[ 16,068 ]	[ 17.1 ]	[ 4,462 ]	[ 5.0 ]	[ (11,606) ]	[ (72.2) ]
Total	94,059	100.0	89,507	100.0	(4,552)	(4.8)
[Overseas]	[ 16,147 ]	[ 17.2 ]	[ 4,509 ]	[ 5.0 ]	[ (11,638) ]	[ (72.1) ]

### 3. Sales by regions

Three months ended June 30, 2015 (Apr. 1, 2015 - Jun. 30, 2015)

Millions of yen

Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
16,447	1,875	9,882	5,479	2,168	168	1,318	3,725	41,064

Three months ended June 30, 2016 (Apr. 1, 2016 - Jun. 30, 2016)

Millions of yen

Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
19,411	3,421	4,753	4,182	2,827	152	1,640	1,708	38,098