

# Financial Report for the First Quarter of the Fiscal Year ending March 31, 2018

August 10, 2017

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, Managing Corporate Officer, Administrative Management Headquarters  
 Chief Executive  
 TEL..... (03)5338 - 5052  
 URL..... <http://www.taikisha.co.jp/>  
 Scheduled date to submit Quarterly report : August 14, 2017  
 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, 2017 through June 30, 2017)

### (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, 2017	43,373	13.8	503	(50.0)	615	(51.4)	265	(66.5)
June 30, 2016	38,098	(7.2)	1,007	(35.6)	1,265	(29.6)	791	(19.3)

(Note) Comprehensive income Three months ended June 30, 2017 2,148 million yen — %  
 Three months ended June 30, 2016 (2,349) million yen — %

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
Three months ended	yen	yen
June 30, 2017	7.77	—
June 30, 2016	22.91	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
As of	million yen	million yen	%
June 30, 2017	188,337	100,755	51.2
March 31, 2017	199,024	100,184	48.1

(Note) Shareholders' Equity As of June 30, 2017 96,337 million yen  
 As of March 31, 2017 95,753 million yen

## 2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year End	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2017	—	25.00	—	45.00	70.00
March 31, 2018	—				
Year ending March 31, 2018 (Forecast)		25.00	—	48.00	73.00

(Note) Revisions to forecast of dividends : None

## 3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2018 (April 1, 2017 through March 31, 2018)

(% 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	%
Half year	98,200	16.6	3,600	18.9	4,000	7.1	2,500	(6.2)	72.62	
Full year	213,200	6.3	11,700	38.1	12,300	25.0	7,100	12.6	206.24	

(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. : 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, 2017 36,782,009 shares
    - As of March 31, 2017 36,782,009 shares
  - (ii) Number of treasury shares at end of period
    - As of June 30, 2017 2,575,913 shares
    - As of March 31, 2017 2,575,841 shares
  - (iii) Average number of shares during the period
    - Three months ended June 30, 2017 34,206,119 shares
    - Three months ended June 30, 2016 34,562,918 shares

※ Notice of status of implementation for quarterly review procedures

This financial report is not subject to quarterly review procedures.

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, 2017	As of June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	42,263	35,548
Notes receivable, accounts receivable from completed construction contracts and other	100,983	90,483
Securities	10	10
Costs on uncompleted construction contracts	1,951	2,885
Raw materials and supplies	265	352
Other	7,894	10,098
Allowance for doubtful accounts	(461)	(526)
Total current assets	152,907	138,852
Non-current assets		
Property, plant and equipment	7,633	7,698
Intangible assets		
Goodwill	2,668	2,708
Other	2,434	2,436
Total intangible assets	5,103	5,145
Investments and other assets		
Investment securities	25,629	28,227
Net defined benefit asset	4,984	5,332
Other	2,779	3,100
Allowance for doubtful accounts	(13)	(18)
Total investments and other assets	33,380	36,641
Total non-current assets	46,116	49,485
Total assets	199,024	188,337
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	55,287	45,144
Short-term loans payable	4,015	3,951
Income taxes payable	1,462	284
Advances received on uncompleted construction contracts	15,543	19,205
Provision for bonuses	—	25
Provision for warranties for completed construction	973	771
Provision for loss on construction contracts	790	965
Provision for directors' bonuses	101	—
Other	10,434	6,521
Total current liabilities	88,608	76,868
Non-current liabilities		
Long-term loans payable	986	789
Provision for directors' retirement benefits	50	53
Net defined benefit liability	1,492	1,503
Other	7,702	8,366
Total non-current liabilities	10,231	10,713
Total liabilities	98,839	87,582

Millions of yen

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,305	7,309
Retained earnings	77,945	76,671
Treasury shares	(6,128)	(6,128)
Total shareholders' equity	85,577	84,307
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,969	11,870
Deferred gains or losses on hedges	(111)	(32)
Foreign currency translation adjustment	349	27
Accumulated remeasurements of defined benefit plans	(31)	163
Total accumulated other comprehensive income	10,175	12,029
Non-controlling interests	4,431	4,418
Total net assets	100,184	100,755
Total liabilities and net assets	199,024	188,337

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

	Millions of yen	
	Three months ended June 30, 2016	Three months ended June 30, 2017
	Apr. 1, 2016 - Jun. 30, 2016	Apr. 1, 2017 - Jun. 30, 2017
Net sales of completed construction contracts	38,098	43,373
Cost of sales of completed construction contracts	32,682	38,309
Gross profit on completed construction contracts	5,415	5,064
Selling, general and administrative expenses	4,408	4,560
Operating income	1,007	503
Non-operating income		
Interest income	128	130
Dividend income	173	179
Real estate rent	25	26
Reversal of allowance for doubtful accounts	1	0
Other	76	57
Total non-operating income	405	394
Non-operating expenses		
Interest expenses	31	49
Rent expenses on real estates	4	4
Foreign exchange losses	43	156
Share of loss of entities accounted for using equity method	43	32
Other	24	37
Total non-operating expenses	147	281
Ordinary income	1,265	615
Extraordinary income		
Gain on disposal of non-current assets	0	0
Gain on sales of investment securities	5	—
Total extraordinary income	6	0
Extraordinary losses		
Loss on disposal of non-current assets	0	1
Impairment loss	—	0
Loss on valuation of investment securities	152	—
Total extraordinary losses	152	1
Profit before income taxes	1,118	615
Income taxes-current	359	123
Income taxes-deferred	46	218
Total income taxes	406	341
Profit	712	273
Profit (loss) attributable to non-controlling interests	(79)	7
Profit attributable to owners of parent	791	265

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2016	Three months ended June 30, 2017
	Apr. 1, 2016 - Jun. 30, 2016	Apr. 1, 2017 - Jun. 30, 2017
Profit	712	273
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,361)	1,901
Deferred gains or losses on hedges	90	159
Foreign currency translation adjustment	(1,595)	(363)
Remeasurements of defined benefit plans	(158)	196
Share of other comprehensive income of entities accounted for using equity method	(36)	(19)
Total other comprehensive income	(3,061)	1,875
Comprehensive income	(2,349)	2,148
Comprehensive income attributable to :		
Owners of parent	(2,015)	2,119
Non-controlling interests	(334)	28

(Segment information)

Sales and profits or losses by reportable segments

Three months ended June 30, 2016 (April 1, 2016 - June 30, 2016)

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	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 profits (net amount of common profit and loss) of 138 million yen and other adjustment of minus 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, 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.

## (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, 2016 (Apr. 1, 2016 - Jun. 30, 2016)		Three months ended June 30, 2017 (Apr. 1, 2017 - Jun. 30, 2017)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	13,355	29.6	14,834	25.2	1,479	11.1
Industrial HVAC	18,559	41.2	24,338	41.3	5,779	31.1
Total	31,915	70.8	39,172	66.5	7,257	22.7
[Overseas]	[ 4,957 ]	[ 11.0 ]	[ 10,474 ]	[ 17.8 ]	[ 5,517 ]	[ 111.3 ]
Paint Finishing System Division	13,133	29.2	19,718	33.5	6,585	50.1
[Overseas]	[ 10,339 ]	[ 23.0 ]	[ 16,244 ]	[ 27.6 ]	[ 5,905 ]	[ 57.1 ]
Total	45,048	100.0	58,890	100.0	13,842	30.7
[Overseas]	[ 15,296 ]	[ 34.0 ]	[ 26,718 ]	[ 45.4 ]	[ 11,422 ]	[ 74.7 ]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	7,132	18.7	10,309	23.8	3,177	44.5
Industrial HVAC	17,844	46.9	16,648	38.4	(1,196)	(6.7)
Total	24,976	65.6	26,957	62.2	1,981	7.9
[Overseas]	[ 8,263 ]	[ 21.7 ]	[ 6,927 ]	[ 16.0 ]	[ (1,336) ]	[ (16.2) ]
Paint Finishing System Division	13,121	34.4	16,415	37.8	3,294	25.1
[Overseas]	[ 10,423 ]	[ 27.3 ]	[ 13,674 ]	[ 31.5 ]	[ 3,251 ]	[ 31.2 ]
Total	38,098	100.0	43,373	100.0	5,275	13.8
[Overseas]	[ 18,686 ]	[ 49.0 ]	[ 20,601 ]	[ 47.5 ]	[ 1,915 ]	[ 10.2 ]
Construction carried forward						
Green Technology System Division						
Building HVAC	55,813	34.2	58,996	31.7	3,183	5.7
Industrial HVAC	40,903	25.1	48,468	26.0	7,565	18.5
Total	96,717	59.3	107,465	57.7	10,748	11.1
[Overseas]	[ 17,848 ]	[ 10.9 ]	[ 23,112 ]	[ 12.4 ]	[ 5,264 ]	[ 29.5 ]
Paint Finishing System Division	66,494	40.7	78,883	42.3	12,389	18.6
[Overseas]	[ 59,213 ]	[ 36.3 ]	[ 71,537 ]	[ 38.4 ]	[ 12,324 ]	[ 20.8 ]
Total	163,211	100.0	186,349	100.0	23,138	14.2
[Overseas]	[ 77,061 ]	[ 47.2 ]	[ 94,650 ]	[ 50.8 ]	[ 17,589 ]	[ 22.8 ]

(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 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.

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 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.



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, 2016 (Apr. 1, 2016 - Jun. 30, 2016)		Three months ended June 30, 2017 (Apr. 1, 2017 - Jun. 30, 2017)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	12,830	42.3	14,197	39.2	1,367	10.7
Industrial HVAC	13,682	45.2	13,931	38.4	249	1.8
Total	26,513	87.5	28,128	77.6	1,615	6.1
[Overseas]	[ 96 ]	[ 0.3 ]	[ 93 ]	[ 0.3 ]	[ (3) ]	[ (3.1) ]
Paint Finishing System Division	3,786	12.5	8,118	22.4	4,332	114.4
[Overseas]	[ 1,593 ]	[ 5.3 ]	[ 5,471 ]	[ 15.1 ]	[ 3,878 ]	[ 243.4 ]
Total	30,299	100.0	36,246	100.0	5,947	19.6
[Overseas]	[ 1,689 ]	[ 5.6 ]	[ 5,565 ]	[ 15.4 ]	[ 3,876 ]	[ 229.5 ]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	6,767	33.4	9,977	42.3	3,210	47.4
Industrial HVAC	9,623	47.4	9,735	41.2	112	1.2
Total	16,391	80.8	19,713	83.5	3,322	20.3
[Overseas]	[ 72 ]	[ 0.4 ]	[ 33 ]	[ 0.2 ]	[ (39) ]	[ (54.2) ]
Paint Finishing System Division	3,901	19.2	3,885	16.5	(16)	(0.4)
[Overseas]	[ 1,610 ]	[ 7.9 ]	[ 1,613 ]	[ 6.8 ]	[ 3 ]	[ 0.2 ]
Total	20,292	100.0	23,599	100.0	3,307	16.3
[Overseas]	[ 1,682 ]	[ 8.3 ]	[ 1,646 ]	[ 7.0 ]	[ (36) ]	[ (2.1) ]
Construction carried forward						
Green Technology System Division						
Building HVAC	55,406	61.9	58,222	58.8	2,816	5.1
Industrial HVAC	23,078	25.8	25,444	25.7	2,366	10.3
Total	78,485	87.7	83,666	84.5	5,181	6.6
[Overseas]	[ 46 ]	[ 0.0 ]	[ 102 ]	[ 0.1 ]	[ 56 ]	[ 121.7 ]
Paint Finishing System Division	11,022	12.3	15,326	15.5	4,304	39.0
[Overseas]	[ 4,462 ]	[ 5.0 ]	[ 8,572 ]	[ 8.7 ]	[ 4,110 ]	[ 92.1 ]
Total	89,507	100.0	98,993	100.0	9,486	10.6
[Overseas]	[ 4,509 ]	[ 5.0 ]	[ 8,674 ]	[ 8.8 ]	[ 4,165 ]	[ 92.4 ]

### 3. Sales by regions

Three months ended June 30, 2016 (April 1, 2016 - June 30, 2016)

Millions of yen

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

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